Retaining talent in Laerdal Medical (Suzhou) Co., Ltd.

Motivating and retaining key-employees

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Abstract

Executive Summary
The following is a paper on the growing difficulty of retaining key-employees in the Yangtze delta region on the east coast of China. This report presents the findings from an in-depth analysis on human resource management and retention methods. It is carried out in the spring of 2008 on behalf of Laerdal Medical (Suzhou) Co., Ltd., a Norwegian company manufacturing medical training and therapy equipment. The intention is to provide advice for Laerdal Medical (Suzhou) co., Ltd on how to best retain key-employees.

Laerdal Medical (Suzhou) Co., Ltd is a production facility fully owned by the Norwegian company Laerdal Medical AS. The facility manufactures medical training, educational and therapeutic equipment, such as a family of resuscitation training dolls and the first rigid extrication collar. The company’s general manager has up until now not had too many problems with retaining employees, but the increasing turnover rate in the area has made him want to be pre-emptive in order to keep turnover rates low in the company.

After an introductory chapter where the current situation and the research aim are presented, followed by a presentation of the company and its situation, this paper will provide an extensive review of theories relating to human resource management and motivation. Furthermore, this paper will analyze the empirical findings and offer strategic solutions for Laerdal Medical (Suzhou) Co., Ltd.

Methodology
The authors of this paper had little prior knowledge about what western companies in China offer as incentives to their employees. Consequently there was a need for the authors to develop a deeper understanding of motivational tools and theories as well as factors for organisational commitment. Exploring published data (secondary data) would be insufficient. Therefore a qualitative research method was employed to gather primary information.
The qualitative method was chosen as it provides the researcher with more insight than can be achieved though quantitative data alone. A qualitative method will additionally enable the collecting of in-depth information from managers and employees internally and externally.

The purpose of the qualitative research was to develop a deeper understanding of what companies in the Yangtze delta region do to motivate and retain their employees. Additionally, identifying who companies define as their key-employees was necessary.

The qualitative method employed in this research was in depth interviews of general managers, HR managers and employees at various companies in various industries operating in Shanghai and Suzhou. In total 18 interviews were conducted, including one expert interview and seven internal interviews. All of the interviews were conducted face-to-face with the interviewee. Time and availability restrictions prevented more interviews. (Summaries of each interview can be found in chapter 5 of this report).

**Findings**

The findings from the collected data suggest that motivating and retaining employees is a fragmented and complicated task. Individuals are motivated through different needs and are not necessarily retained using the same tools.

Most companies have an idea of who their key-employees are, but few seem to have implemented clear strategies for identifying them. One way to do this is to identify those employees whose absence would cause a breach in the production chain and cause general business to slow down or even stop. It is argued that heads of department and highly qualified technical personnel are the most valuable resources to a company and are their key-personnel.

The increasing salary level in the Yangtze delta area has caused companies to focus on alternative strategies for retaining their key-personnel. The findings indicate that salary can only partially be seen as a motivational factor and that employees are less motivated by financial remuneration, than what much current media attention argues. It is possible that media attention has been on
employees in general and not specifically towards high level, highly educated personnel. The findings indicate that employees are more motivated by opportunities for personal development and having a positive work environment. Employees state that they want to know that they have a future in a company and that there are career opportunities for them. If this is in place, a significant increase in salary is needed to draw the personnel to another position elsewhere. The empirical data does not suggest what kind of training employees require, but the options range from basic computer and language training, to all expenses paid MBA programs. Those with extra skills should be offered extra training.

Visibility in the market is said to be important for attracting new personnel. The research revealed that Laerdal Medical (Suzhou) Co., Ltd is a well known company in the region. Potential employees are generally drawn to European companies and Laerdal Medical (Suzhou) Co., Ltd attracts additional attention as a medical company. Keeping a high profile as an ethical company with clear visions and slogans seems to be something that attracts new candidates.

The findings from the interviews conducted internally at Laerdal Medical (Suzhou) Co., Ltd, suggest that the company should focus more on involving employees in decisions that concerns their specific job areas. Internal interviews also revealed that most employees were satisfied with their current salary level, but that they could be making more. The company must keep a fair salary level compared with similar companies in the region, but should focus on other motivational tools to retain employees.
Acknowledgements

This paper is written as part of the Bachelor degree in International Marketing at BI – Norwegian School of Management and Fudan University, spring 2008. The paper is written for and in cooperation with Laerdal Medical (Suzhou) Co., Ltd. The purpose of this paper is to serve as assistance for the company’s HR-strategy development.

The authors of this thesis would like to express their sincere gratitude to everyone that have contributed and helped us during the work of this paper. First and foremost, the authors would like to thank the Laerdal Medical (Suzhou) Co., Ltd organization and its management team for invaluable help and assistance. This paper would not have been possible without the contribution of all the interviewees, their insight and willingness to share knowledge and experience.

A special thank you is also extended to Karin Bryntse for her guidance and constructive feedback throughout the work of this paper.

Shanghai, PRC, June 5th 2008

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Definitions

LMPRC = Laerdal Medical (Suzhou) Co., Ltd

HRM = Human Resource Management

IHRM = International Human Resource Management

SOE = State Owned Enterprise

MNC = Multi National Corporation

WFOE = Wholly Foreign Owned Enterprise

GM = General Manager

HR manager = Human Resource manager

SND = Suzhou New District

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1. Introduction

Retaining qualified employees are becoming increasingly difficult for companies operating in the Yangtze delta area on the east coast of China. According to current research companies operating in China now expect an annual turnover of 20% of their workforce\(^1\). Expecting a high turnover however, does not mean that there is nothing that can be done to avoid or at least limit the personnel turnover.

After joining the WTO in 2001 the Chinese government has pursued economic liberalization. This has created a bigger private sector of domestic and foreign-founded interests. The increasing number of businesses has created a bigger demand for skilled personal in different sectors.\(^2\)

The research on this paper has been based on how Laerdal Medical (Suzhou) Co., Ltd. can retain its important/critical employees in the changing economy around the Yangtze delta area. It will further suggest who the critical/important personnel at Laerdal (Suzhou) are.

This paper is commissioned by a Norwegian company operating out of Suzhou in the Jiangsu Province, Laerdal Medical (Suzhou) Co., Ltd. (LMPRC).

1.1 The Retention Situation

A consequence of the high demand on Chinese professionals is that Chinese skilled employees and middle managers have developed high expectations on career progression and pay. It has been estimated in a report by the consultants at McKinsey, that Chinese companies will need up to 75000 leaders who can

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\(^1\) *Shanghai Economist*, Gaining and retaining - HRM is really just about carp and dragons, published march 2008

work in global environments, but will only have 3 - 5000. This obliquity has forced companies to rethink what they do to recruit and retain the best candidates. This causes significant competition over the same resources and employee turnover rates are increasing rapidly as qualified individuals are offered more money and better positions. It has created a mentality in Chinese skilled professionals that a better job is always waiting around the corner. Fernandez and Lui state; “It is very difficult to be loyal to one organization when they frequently receive new job offers with a substantial salary increase and a flamboyant job title.”

The Yangtze delta area, in particular Shanghai and Suzhou has long been the prime location for businesses from Europe, USA and Asia. This area will be the focus for this paper. The Yangtze delta area has become a state-level development locale and has as such attracted a variety of business, both industrial and service related. Suzhou has in particular experienced rapid growth and was in 2003 the number one receiver of foreign investments in China. Due to heavy investments in recent years, the region seems to have reached its maximum capacity of businesses in terms of employee availability. In the last decade alone, 3000 new companies have established facilities in Suzhou New District, generating as much as 210000 new jobs on various levels. In an article from Businessweek they described the situation in these words; “From the textile and toy factories of the south to the corporate headquarters and research labs in Beijing and Shanghai, the No. 1 challenge today is finding and keeping good workers.”

The research undertaken for this paper indicate that salaries in Suzhou and Shanghai for highly qualified personnel can come as high, or even higher, than for similar positions in Europe. This eliminates the primary reason for why

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3 Shanghai Economist, Gaining and retaining - HRM is really just about carp and dragons, published march 2008
4 Fernandez Antonio Juan and Liu Shengjun, China CEO, (2007) : 36
5 Ibid: 36
7 Interview #17
9 DUSA (German Association Suzhou), Seminar, 17.04.08
many companies came to this area in the first place; its cheap labour. Several of the CEO’s interviewed for this paper speculate in the demise of the Yangtze delta’s profitability that businesses soon will be going elsewhere to find the prosperity they desire. European media attention has been set on this issue and financial papers such as the Norwegian Dagens Næringsliv has raised questions surrounding the future of the Chinese markets.10

However, it is not for everyone to move shop and start again elsewhere. Small and medium sized businesses, like LMPRC, who have taken the time to establish factories and other facilities in this area, have committed themselves to staying. In order for this to be possible, knowing how to retain key-staff with the company, despite enticing offers elsewhere, is becoming an increasingly important issue. There are certain measures that can be implemented to minimize the turnover, although it can probably not be eliminated. Presumably there is no magical way to solve the retention problem; certainly not “as long as the imbalance between supply and demand continues, salary inflation, poaching, and high turnover will remain.” 11

1.2 The Situation for Laerdal Medical (Suzhou) Co., LTD

As of today, high turnover is not yet a major problem for Laerdal Medical (Suzhou) Co., Ltd. – hereafter referred to as LMPRC as this is the official abbreviation used by the organization. The company believes it is important to be ahead of the situation and they want to be pre-emptive.

Laerdal, a manufacturer of medical equipment, is dependant on the high quality of their products. In order to maintain this quality the company is further dependant on the skill of its staff, engineers and designers, but also manufacturing staff. Highly qualified personnel are often regarded as the core-competence of a company and losing such staff could cause undesirable situations. Qualified personnel is hard to come by and expensive to train. Keeping qualified personnel is of strategic importance to the company, although it is important to be aware of early on that no company can

10 Dagens Næringsliv, Klager på Kina-lønn, 30.04.08: 41
11 Fernandez Antonio Juan and Liu Shengjun, China CEO, (2007) : 37
completely prevent staff turnover. It is not always possible for a company to safeguard itself from staff wanting to leave the company. Indeed LMPRC argues that if employees wish to leave the company, management should probably encourage them to do so since disgruntled employees are unproductive and unmotivated.

LMPRC’s management team is constantly developing old and discovering new ways to retain employees, but no clear retention strategy exists yet. LMPRC offers a competitive salary, but is not among the best paying companies. The company offers high quality meals to its employees through the company canteen. The canteen is decorated with images from Norway as well as pictures of the employee’s children and staff outings; done as an effort to create a family connection between the workplace and the employees. The company offers training to its higher level employees, but no system yet exists to identify who is in need of training and how much resources they should be spend. Mutually beneficial solutions have yet to be finalized.

The company’s HR manager is working to create a clearer strategy for what to offer and how to motivate employees, in particular those who will be identified as key persons. It is hoped that this paper will aid her in her difficult job.

1.3 Aim of research

How can Laerdal Medical (Suzhou) Co., Ltd. retain its important/critical employees in the changing economy around the Yangtze delta area? Suggest who the most critical/important personnel at Laerdal (Suzhou) are.

1.4 Limitations of research

This report concerns itself with the discussion of retention of key-employees and the definition of who they are. Retention of production staff is also of concern to the company, but due to limited time and resources, this paper will not include a discussion on retention of production staff. It will nevertheless
make the occasional reference, as every member of staff is highly valued by the company.
2. Laerdal Medical AS

This chapter will introduce Laerdal Medical AS and its Chinese facility Laerdal Medical (Suzhou) Co., Ltd both as they present themselves and from an external viewpoint. It will provide a general presentation of the current market situation as well as the situation for Laerdal. (Note that the company name is spelled “Laerdal”, and its founders name is spelled “Lødøldal”). Information presented in the following chapter is gathered through meetings with the company, through the web-page and brochures. The wording of the company presentation is based on internal vocabulary.

The company’s vision statement is: No one should die or be disabled unnecessarily from sudden illness or trauma.

2.1 History – Company Presentation

The Laerdal Company was established in 1940 on the southwest coast of Norway in the city of Stavanger by Åsmund S. Lødøldal. The company started out publishing children’s books, manufacturing plastic dolls and other toys, but developed into one of the leading providers of emergency and patient care solutions in the world. This transformation began after World War II, when the Norwegian civil defense authority requested that Åsmund Lødøldal turned his expertise in modern molding technology from toys to a more practical product; Realistic wound simulation training kits.

Today Laerdal serve lifesaver around the world; including nurses, paramedics, EMP’s (Emergency Medicine Physician), the military, firefighters, law enforcements officers and medical instructors. Laerdal is devoted to provide training and therapy products, services and system solutions that support the chain of survival. They include CPR (Cardiopulmonary Resuscitation) and AED (Automatic External Defibrillators) training, airway management, advanced life-support training, spinal motion restriction, defibrillation, monitoring, trauma training, first aid, anatomy, patient care, and patient simulation.
Laerdal’s Resusci-Anne, or Anny, has become a household name. Today Resusci-Anne and her family of manikins have been used in teaching lifesaving CPR to more than 250 million people worldwide. The Laerdal pocket mask is the most widely used mouth to mouth device in the world. The majority of healthcare providers in America use Laerdal training and therapy products on a regular basis. The Laerdal SimMan, designed to meet the scenario based training needs of nursing education, emergency services and military training, is breaking new ground in the use of patient simulation.

While the Stavanger office remains the company’s global headquarters, Laerdal has become a multinational team of 880 people in 20 countries.

2.2 Laerdal Medical (Suzhou) Co. Ltd.

In the early nineties Laerdal Medical AS (Laerdal) opened its sales offices in Hong Kong. The purpose was to gain access to a rapidly growing new market with a grand potential. Laerdal soon realized that it was in their best interest to also open a production facility in Asia. This strategic decision was taken based on a desire to fully benefit from the competitive advantages of having production facilities in China; closeness to the market, cheap labour and tax incentives.

Laerdal Medical AS established a production facility in Suzhou in 2003. The facility is located in Suzhou New District, Science and Technology Industrial Park, Jiangsu Province. The facility’s main function is the manufacturing of medical therapeutic, teaching and educational products. The factory in Suzhou was set up to enable the company to be better prepared for the future. This was done by providing not only a quality new manufacturing facility in the Far East, but also access to the rapidly growing Chinese market.

The factory is 100% owned by Laerdal Medical AS to ensure the quality of Laerdal products. The general manager is a German male and is the only non-Chinese person at the factory.
Several of Laerdal’s subcontractors are also located in the region which provides the company with a simpler, less expensive and less time consuming logistics handling.

### 2.2.1 Customers

Laerdal’s customers worldwide include hospitals, rescue workers, military and medical educational institutions. During conversations with LMPRC it was revealed that the Chinese market had proven difficult for the company to gain access to because of an underdeveloped medical infrastructure. Yet efforts, such as opening a factory in Suzhou, have been done to gain potential market shares. Laerdal’s customer base is not particularly relevant for this paper and will thus not be discussed further.

### 2.2.2 Competitors

No specific focus will be put on Laerdal’s product competitors in this paper.

### 2.2.3 Products

Laerdal products range from training and education on to therapeutic equipment. The company presents its products as the tools needed to save lives; from difficult airway management to rapid recognition and the use of the defibrillator, from performing CPR to trauma and drug therapy.

Laerdal designs and manufactures product solutions that set the standard for emergency care, in addition to those mentioned before; like the first portable suction unit, the first rigid extrication collar, the first silicone resuscitator and the first CPR mask.

(See Appendix 1 for pictures of Laerdal’s Products). New staff at Laerdals facility in Suzhou are all being trained in the use of the equipment. Every single staff member, from the general manager to the assembly line workers, is educated in the use and purpose of the equipment.
3. Research Methods

3.1 Research approach
With this research the main focus will be finding out what Laerdal can do in order retain qualified personnel. The paper is further investigating how to define these key employees and how they can decrease the retention problem in the future. In order to gain a deeper understanding for the research matter, it is essential to have a clear vision at the start of what the study is about. This demands discussions and meetings with both the management in LMPRC and also companies with experience regarding retention problem in China. Based on the collected information the paper will attempt to create a retention strategy for the LMPRC organization.

3.2 Research design
One of the steps when conducting a research is choosing the design. This is the framework or plan for a study, and works as a guide when collecting and analyzing data. The research design is a blueprint of research which questions to study, what data are relevant, what data to collect, and how to analyze the results. Research design frameworks can be classified into three basic types: explorative, descriptive, or causal. In order to develop a strategy, this paper will investigate what motivates key employees and investigate what creates loyalty. If one has little knowledge about the Chinese labour market, and the existing retention issues, the most suitable design is explorative, since the design utilizes both primary studies and secondary data. According to Churchill and Lacobucci “exploratory research is appropriate for any problems about which little is known. Exploratory research is the foundation for a good study”. We believe that an explorative design will be the best suitable way to provide insight and information for this paper.

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13 Gripsrud & Nygård, Metode og Datatanalyse, 2006: 49
Since explorative design utilizes both primary studies and secondary data. The data’s will be collected with the help of in – depth interviews with a selection of employees that represent different functions in the organization. In addition there will be conducted interviews with other companies, in order to investigate their retention problems and efforts made by them to retain employees. To address the problem at hand, the research will emphasize on what motives the employees, job satisfaction and dissatisfaction.

3.3. Primary data
The primary data in this research is gathered mainly through in-depth interviews and communicating with personnel. “Qualitative research is multi-method in focus, involving an interpretive, naturalistic approach to its subject matter”.

Qualitative researchers study things in their natural settings, attempting to make sense of, or interpret phenomena in terms of the meanings people bring to them. By arranging interviews with CEO’s of both western and Chinese backgrounds as well as key-personnel with Chinese background, this paper will have a solid and broad basis for the further analysis.

To address the research aim regarding retention and motivation, the paper focuses on the interviewees’ experiences and their opinions. It is important for LMPRC to gain an understanding of what companies in the Yangtze delta area do to prepare for the predicted retention situation.

This paper will use qualitative research methods to draw a picture of how human beings think and what motivates them; the interviews also increase the interviewers knowledge and insight in the organization and the staff working in Laerdal Suzhou.

3.3.1 Semi-structured interviewing
We chose to have semi-structured interview with a list of fairly specific topics to be covered; which can be referred to as an interview guide. The questions may not follow exactly in the way outlined in our schedule. Questions that are

15 University of Sterling, Research design and methodology, https://dspace.stir.ac.uk/dspace/bitstream/1893/71/4/Chapter%204.pdf
16 Ibid
not included in the guide may be asked and a similar wording will be used from interviewee to interviewee. The intention with this interview style is to cover a range of issues, including motivations, emotions, strategies, and questions about organizational culture. The interviews have also investigated the management style in Laerdal Suzhou and retention issues for other companies in the same situation. Questionnaires were adapted for the various levels, General Managers, HR managers and white collar employees. The complete questionnaire that has been used during the interviews can be found in appendix 2, 3 and 4.

3.4 Personal interview

“Personal In – depth interviews are mostly done when the individuals experiences, opinions or similarities is of interests”. 18 There are several advantages as well as disadvantages with doing personal interviews. Firstly the interviews can be relatively long lasting and extensive. The person(s) that conducts the interview can pursue the respondent to answer all of the questions that are asked. With the use of questionnaires it could be easier to leave out questions which the respondent finds difficult to answer. There are however, good reasons for being critical to this method. For example; the person that is conducting the interview might influence the answers given by the interviewee. The answer might be more polite or affected because of the interviewer’s presence. These influencing factors will all be taken into consideration and estimated during the interview with respondents both in the Laerdal organization, and the other companies which are selected as interviewees.

3.5 Validity and Reliability

The most important criteria when evaluating a research is the reliability and validity. Reliability concerns the question of whether the results are repeatable. 19 Meaning that reliability demonstrates that the same data can be repeated and is consistent. According to Brymann and Bell reliability is an

18 Gripsrud, Olsson, Silkoset, Metode og Data analyse, 2006: 108 (Own translation)
19 Bryman and Bell, Business research methods, 2007: 40
issue that is particularly important in connection with quantitative research. They believe that validity is the most important criterion to prove a research; “validity is concerned with the integrity of the conclusions that are generated from a piece of research."  

When evaluating qualitative research one has to use alternative criteria. It is “necessary to specify terms and ways of establishing and assessing the quality of qualitative research that provide an alternative to reliability and validity”. 

3.5.1 Critical Evaluation of Sources in this Research
This paper draws on many different sources to explain and illustrate the research aim. Unfortunately it is not always possible to ensure the accuracy of all secondary sources. Thus it is important for anyone using secondary sources to be critical to every source. This means that one should critically evaluate, analyse and summarize the information found through interviews conducted by others, information found both on the World Wide Web, in books and publications.

There are many problems that can arise when using secondary data; the most common are firstly that the information available does not comply with the research at hand. Secondly their accuracy can be questionable. It is important to use reliable sources as it would be unfortunate if one should inadvertently quote sources that are incorrect or simply misleading. Great efforts have been made to prevent this in the paper; such as double checking information and not automatically accepting any proposed statements. There is a lot of information available online, however there is rarely anybody that evaluates them. This requires that one looks critically at the findings.

When evaluating sources this paper will reference other sources to consider the value of the information found. For the purposes of this paper the author’s national origin is important to be aware of, as the paper is based on cross cultural understanding and knowledge. Furthermore, through the last decades

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20 Ibid: 41  
21 Ibid: 411  
22 Bryman, Bell, Business research Methods, 2007:109
there have been dramatic changes in the Chinese business environment, making it important to be critical of the historical time period of the source.

### 3.6 Secondary data
Secondary data are sources that already exist, and have not been gathered for this particular study. When doing research in the field of human resource management this paper will firstly make use of report and journalistic sources, additional to academic books and the internet to get information about the topic. When writing a paper one has to be prepared to look critically at the information available, and furthermore confine literature search to reliable sources.

The purpose of the search for secondary data is to gain background information about the topic, the market and the company. Although secondary data is not able to answer all questions, it provides help to clarify the subject under exploration and it can suggest improved methods or data for exploring the problem. Lastly it presents a comparative benchmark for what primary data that will provide the best insight for this paper. 23

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4. Theory

In order to fully appreciate the issues at hand and in an effort to explain why, it is important to take a closer look at the existing theories surrounding the subject of Human Resource Management. The aim of this chapter is to present the theories that the later analysis will be based on. As a means of analyzing the retention issues and perhaps even as a way of suggesting solutions, this paper will draw upon relevant theory from the field of management- and psychological theory.

4.1 Human Resource Management

Human Resource Management (HRM) is the function within an organization that focuses on recruitment of, management of, and providing direction for the people who work in the organization. Additionally HRM deals with challenges related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training.  

4.1.1 Managerial Functions

Most experts agree that there are five basic functions all managers perform; planning, organizing, staffing, leading and controlling. In total these functions represent the management process and are relevant for this paper as it clarifies the manager’s role and responsibilities with regards to how employees can be recruited, motivated and retained. Dessler indicate that some of the specific activities involved in each function include:  

- Planning

Establishing goals and standards; developing rules and procedures, developing plans and forecasting – predicting or projecting some future occurrence.

26 Ibid
• **Organizing**

Giving each subordinate a specific task; establishing departments, delegating authority to subordinates; establishing channels of authority and communication; coordinating the work of subordinates.

• **Staffing**

Deciding what type of people should be hired; recruiting prospective employees; selecting employees; setting performance standards; compensating employees; evaluating performance; counseling employees; training and developing employees.

• **Leading**

Getting others to get the job done; maintaining morale; motivating subordinates.

• **Controlling**

Setting standards such as sales quotas, quality standards or production levels; checking to see how actual performance compares with these standards; taking corrective action as needed.

### 4.2 Human Resources as a Competitive Advantage

“A company’s competitive advantage can be defined as conditions which enables the company to operate in a more efficient or otherwise higher-quality manner than the companies it competes with.”

In modern organizations it is the quality and behavior of the employees that generate, as much as other inputs, competitive advantage.

Recruiting, training and retaining the right employees can lead to great competitive advantages to a company. In his book, *Strategy and Human Resources*, Charles Greer argues that a company’s competitive advantage has

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moved from being contained within the blueprints and the copyrights to circle around the employees.\footnote{Charles R. Greer, \textit{Strategic Human Resource Management, A General Managerial Approach}. (2003): 105} Greer puts it this way:

“In a growing number of organizations human resources are now viewed as a source of competitive advantage. There is greater recognition that distinctive competencies are obtained through highly developed employee skills, distinctive organizational cultures, management processes and systems. [...] Increasingly, it is being recognized that competitive advantage can be obtained with a high quality workforce [...]”\footnote{Ibid :105}

4.3 Culture

Think global, act local!

There are numerous definitions of culture. According to recognised cultural researcher Geert Hofstede culture can be defined as “the collective programming of the mind which distinguishes the member of one group or category from those of another”\footnote{Kotabe and Helsen, \textit{Global Marketing Management}, 2004:95}.

4.3.1 Cultural research

In order to understand the difference between the Chinese culture and the western and how it influences managerial practises, this paper will give a clarification and a definition of what culture is. This paper will examine the variation between the eastern culture and the western, and how this understanding might influence LMPRC’s views on keeping their key-employees. “These cultural roots are so strong and important in Chinese culture, that they shape Chinese workplace culture and behaviour”\footnote{Dr. Oliver Prüfer, \textit{Human resource management in China}, Shanghai Economist, no 12, (2007): 11}. The further analysis in this paper will be based on the findings from Gert Hofstede and Fons Trompenaar.
4.3.1.1 Hofstede Cultural Research

Hofstede analysed 116 000 questionnaires administered to employees of IBM in 70 different countries and concluded that national cultures could be explained by the five factors: i) Power Distance, ii) Uncertainty Avoidance, iii) Long term versus Short-term Orientation, iv) Masculinity and v) Individualism. In this paper we will focus on the first three dimensions as we find them the most relevant.

i) Power distance concerns how power is expected and accepted by the less powerful members of an organisation to be unequally distributed. Power distance is important to discuss in any country’s evaluation because it suggests that a society's level of inequality might be endorsed by the followers as much as by the leaders.

ii) Uncertainty avoidance indicates to what extent a society “deals with a society's tolerance for uncertainty and ambiguity [...] It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations”. The Chinese do not separate between work and family and tend to believe that they are one and the same.

iii) These “values associated with Long Term Orientation are thrift and perseverance; values associated with Short Term Orientation are respect for tradition, fulfilling social obligations, and protecting one's 'face'. [...]” Social obligations are one of the many aspects of motivation which will be discussed in the analysis.

4.3.1.2 Criticism towards Hofstede

This paper is critical to the cultural theory of Hofstede to a certain extent, because it did not extend to mainland China, but rather to findings from Hong Kong, Taiwan, and the expatriate “overseas” Chinese of Singapore. Nevertheless we have chosen to consider his most important and valid findings.

33 Ibid
34 Ibid
4.3.1.3 Trompenaars cultural research
Fons Trompenaars research is based on mainland China and is therefore more relevant with regards to the current research aim. His research identified seven different factors of which the first five will be used later in the analysis.38

i) Individualism vs communitarianism. Individualism is primary oriented to the self and self-actualization whereas communitariansim is related to a group feeling where common goals and objectives are in focus.

ii) Particularism vs universalism. Particularism concerns the importance of relationships and is dependant on trust and networking whereas universalism concerns the importance of rules and regulations and equality in every situation.

iii) Achievement vs Ascription based status. Achievement based status is acquired by competence, track record, skill and performance. Ascription based status is acquired through the “right” background, hierarchy, formality and seniority.

iv) Emotional vs Neutral. Emotional cultures are open to public displays of emotions also in business. Neutral cultures subdue and control their emotions in a business setting.

v) Sequential vs Sychronic concepts of time. Sequential concepts of time concern a punctual, efficient, monochronic, single task, time concept. The synchronic time concept concerns a more flexible attitude towards time where lateness is tolerated and deadlines are approximate.

vi) Diffuse vs Specific cultures. Diffuse cultures invest time in building a relationship and do not like to deal with strangers whereas specific cultures are more direct and have low-context communication.

vii) Inner- vs outer- directed cultures. Inner-directed cultures focus on own organisation and emphasize on developing own products to be first mover. Outer-directed cultures follow trends in the market and focus on continuity rather than innovations.

38 Lecture notes, SPÅ 2401: Intercultural Communication in English, Autumn 2006
4.4 P.E.S.T.

While analyzing or changing a business strategy the PEST analysis is a macro-environment tool that gives the manager an external overview. The external environment is everything outside the organisation; competitors, suppliers, customers, distributors, government, departments and so on.\textsuperscript{39} As the external environment is changing rapidly in the Yangtze delta area it is of great importance to have an analysis of how this affects LMPRC. It can be a weakness if there is insufficient focus on external factors such as Politics, Economics, Social and Technology.

The PEST analysis will be used in this paper as these external factors are the most relevant with regard to the current research aim.

4.4.1 Political Factors

Political factors concern political changes and regulations in the country and also changes in other countries that have an impact on the organisation.\textsuperscript{40}

The government has the power to perform major changes and develop both national and local agendas. These changes and improvements affect businesses operating in the Yangtze delta area. Political factors also contain a range of new legislation being proposed specifically to impact the provision and legislative basis for the manufacturing industry. Political decisions also have an impact on areas such as the education of the workforce and quality of the infrastructure.

The political factors are also related to the legal environment in which firms operate. Legal changes can affect LMPRC’s labour cost and access to human and natural resources.

4.4.2 Economic Factors

The economical changes in the country are often a reflection of political changes. Interest rate level, inflation and unemployment are some of the economical conditions which can change the companies’ constraints.

\textsuperscript{39} Blythe, \textit{Marketing}, 2006:18

\textsuperscript{40} Oxford University Press, \textit{PESTEL analysis of the macro environment}, 2007, \url{http://www.oup.com/uk/orc/bin/9780199296378/01/student/additional/page_12.htm}
4.4.3 Social Factors
Changes in the social environments, demographics and family lives are important trends when analyzing the external situation.

4.4.4 Technology Factors
Technological changes, especially in the manufacturing industry, can create new products and new processes leading to increased activity and a higher demand for personnel.

4.5 Organizational Commitment
Organizational commitment can be defined as “the degree to which people are involved with their organizations and are interested in remaining within them.” According to Greenberg and Baron, scientists have established that there are three significant forms of commitment; these are continuance commitment, affective commitment and normative commitment.

There are two main conceptualizations in the literature. In each, there are three distinct psychological states associated with commitment. Other choose to uses a theory by Mowday et al’s, arguing that the three psychological states are attachment and positive feeling (affective commitment), desire to be motivated produce work behaviour (behavioural commitment), and desire to feel loyal and stay with a particular organization (continuance commitment).

In this paper we will use the theory suggested by Greenberg and Baron, which is the three-component model of commitment by Meyer and Allen. It is important to point out, that the three components in organizational commitment should not be seen as mutually exclusive, but as components that can variously coexist.

The more of these three factors an employee is showing, the larger his commitment to the organization is. Understanding an employee’s

43 Ibid
commitment to an organization will allow for a better understanding of how to motivate and retain that employee. Organizational commitment can go a long way in explaining why some employees leave LMPRC or to what extent employees identify with LMPRC or the organizations manager.

4.6 Introduction to Motivational Theories

Motivation is hard to define as the concept involves several characteristics and perceptions of the employee and the situation. However, motivation is characterised by a willingness by the employees to increase effort in order to satisfy some needs or desires. In modern organisational theory there is a distinction between four types of motivational theories: theory of needs, cognitive theories, social theories and job characteristics model. This paper will draw on Alderfer’s ERG- Theory and McClelland’s theory of needs; these are focusing on the basic human needs. Herzberg’s job characteristic model explains that the motivational element is in the job itself. The cognitive evaluation theory concerns goal achievement. The aspects of the social theory on fairness will be covered under the other motivational theories.

It is assumed within these theoretical frameworks that if reward managers can identify the key motivational factors, they will to be the same for all employees. Having stated this, we also have to take into consideration that the theories used in this paper assume that motivational factors create commitment. However this is not always in the employees’ best interest and the theories do not discuss the possibility for conflict. Employees which are not motivated by these standardised solutions might be seen as abnormal, dysfunctional or irrational. The importance of intrinsic factors and the work itself are overestimated in the theories. “Ultimately content theories consider what things may motivate rather than why, which we need to know in order to develop an effective reward and performance management strategy.”

45 Kaufmann & Kaufmann, Psykologi i Organisasjon og ledelse, (2005): 43
4.6.1 McClelland's Theory of Needs
Management theories often present stereotypical and generalized views on people. However, people are different and depending on an individual's background his or her needs and wants will be different. Management theories are often based on case studies and might only be functional to explain the situation in that particular case. Issues surrounding retention are a worldwide phenomenon and there is no answer-book for managers to use. LMPRC would be wise to identify the different needs of their employees. McClelland’s research is a helpful tool for identifying how to facilitate individual’s different needs in an organization.

McClelland’s research indicates that people are motivated primarily based on three needs.\(^{47}^{48}\)

- **High need for achievement** - High achievers should be given challenging projects with reachable goals. They should be provided frequent feedback. While money is not an important motivator, it is an effective form of feedback.
- **High need for affiliation** - Employees with a high affiliation need perform best in a cooperative environment.
- **High need for power** - Management should provide power seekers the opportunity to manage others.

Note that McClelland's theory allows for the shaping of a person's needs; training programs can be used to modify one's need profile.

4.6.2 Frederick Herzberg - Motivational Theory
To better understand employee attitudes and motivation, Frederick Herzberg performed studies to determine which factors in an employee's work environment caused satisfaction or dissatisfaction.\(^{49}\) Herzberg’s theory is

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\(^{47}\) Ibid: 44
\(^{48}\) Internet Center for Management and Business Administration. (2007): *McClelland’s Theory of Needs*
http://www.netmba.com/mgmt/ob/motivation/mcclelland/
\(^{49}\) Herzberg’s motivation-hygiene-theory, (2007)
http://www.netmba.com/mgmt/ob/motivation/herzberg/
relevant and one that managers at LMPRC should be well aware of as it clears some misconceptions regarding staff motivation\textsuperscript{50}.

It should be mentioned that Herzberg’s research was conducted on American employees in the late 1950’s and is not necessarily applicable for Chinese employees in 2008. Because China for so long was a relatively closed country, insufficient research material exist on the effects of the motivational factors identified by Herzberg.

Herzberg’s theory is based on interviews in which employees were asked what pleased and displeased them about their work. The results indicated that the factors which caused job satisfaction were different from factors causing job dissatisfaction. From this research, Herzberg developed the Motivation-Hygiene theory. Herzberg named the satisfiers \textit{motivators} and the dissatisfiers \textit{hygiene factors}, using the term "hygiene" in the sense that they are considered maintenance factors that are necessary to avoid dissatisfaction but that by themselves do not provide satisfaction.\textsuperscript{51}

The following table presents the top six factors which according to Herzberg cause dissatisfaction and the top six factors causing satisfaction, listed in the order of higher to lower importance\textsuperscript{52} (See also Appendix 5 for an extended graphic table):

<table>
<thead>
<tr>
<th>Leading to Dissatisfaction</th>
<th>Leading to Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Company policy</td>
<td>• Achievement</td>
</tr>
<tr>
<td>• Supervision</td>
<td>• Recognition</td>
</tr>
<tr>
<td>• Relationship w/Boss</td>
<td>• Work itself</td>
</tr>
<tr>
<td>• Work conditions</td>
<td>• Responsibility</td>
</tr>
<tr>
<td>• Salary</td>
<td>• Advancement</td>
</tr>
<tr>
<td>• Relationship w/Peers</td>
<td>• Growth</td>
</tr>
</tbody>
</table>

Fig 2: Herzberg’s theory on Motivation and Hygiene

\textsuperscript{50} Kaufmann & Kaufmann, \textit{Psykologi i Organisasjon og ledelse}, (2005): 58
\textsuperscript{51} Ibid
\textsuperscript{52}Herzberg’s Motivation-Hygiene Theory, (2007)
http://www.netmba.com/mgmt/ob/motivation/herzberg/
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Herzberg’s research was based primarily concerned with people’s well-being at work. Herzberg did not simply seek to have his theories used as motivational tools to improve companies’ performance, but wanted rather to explain how to manage people properly, for the benefit of the work environment. 53 There is nothing to suggest that these factors should not also apply in China.

Herzberg’s research during the late 1950’s indicate that people will strive for the hygiene factors as they are generally unhappy without them, but that the feeling of satisfaction is only temporary and will soon wear off. Then as now, there are organizations and managers that fail to see that simply attending to employees hygiene needs will not motivate them. Motivation only comes from enabling employees to reach for and to satisfy the factors that Herzberg’s research identified as motivators; such as achievement, advancement and development.

Herzberg’s research includes lengthy arguments over the complexity of the issue of salary and to what extent financial remuneration actually motivates employees. His research indicated that in fact salary itself was not motivational, but rather that the absence of, or a perceived unfair salary could cause dissatisfaction, thus making salary a hygiene factor. Herzberg has been supported by more recent research. In the article Frederick Herzberg Motivational Theory, the author Alan Chapman uses an interesting and current example:

Surveys and research studies repeatedly show that other factors motivate more than money. For instance, a survey by Development Dimensions International published in the UK Times newspaper in 2004 interviewed 1,000 staff from companies employing more than 500 workers, and found many to be bored, lacking commitment and looking for a new job. Pay actually came fifth in the reasons people gave for leaving their jobs. The main reasons were lack of stimulus jobs and no opportunity for advancement - classic Herzberg

motivators - 43% left for better promotion chances, 28% for more challenging work; 23% for a more exciting place to work; and 21% for more varied work.  

If the motivation-hygiene theory holds, management must not only provide hygiene factors to avoid employee dissatisfaction, but must also provide factors intrinsic to the work itself in order for employees to be satisfied with their jobs. Herzberg argued that job enrichment is required for intrinsic motivation, and that it is a continuous management process. According to Herzberg:  

- The job should have sufficient challenge to utilize the full ability of the employee.  
- Employees who demonstrate increasing levels of ability should be given increasing levels of responsibility.  
- If a job cannot be designed to use an employee's full abilities, then the firm should consider automating the task or replacing the employee with one who has a lower level of skill. If a person cannot be fully utilized, then there will be a motivation problem.

4.6.3 Maslow vs. Alderfer  
In order to illustrate that human beings need to fill its basics needs before it can develop on a higher level, Abraham Maslow developed a “Hierarchy of Needs” to illustrate his theory. The basis for the theory is to establish what motivates employees on each of the levels, what level each employee is operating on and from that develop a reward strategy.  

The American researcher Clayton Alderfer has made a revised and modified hierarchy of needs based on Maslow’s psychological theory “Hierarchy of Needs”. Alderfer’s ERG theory is based on the same as “Hierarchy of Needs”, however he has discussed the possibility to move up and down between the different levels, which has not been discussed by Maslow. Alderfer’s ERG

56 Beardwell Ian, Holden Len and Claydon Tim, Human Resources Management, 2004: 507
theory discusses the possibility of being at different levels of the pyramid in different activities. One other change Alderfer has made is to reduce the based needs from five to three; **existential needs** as cover Maslow’s physical- and safety needs, **relation needs** includes the social needs and **growth needs** involve respect – and self actualisation.\(^{57}\)

![Alderfers ERG Theory](image)

Fig. 3: Alderfers ERG Theory

Alderfers theory is more flexible and has better accordance with the current research concerning human motivation and will be emphasized in this paper.

**4.6.4 Cognitive Evaluation Theory**

Deci and Ryan’s cognitive evaluation theory is based on humanistic theory of intrinsic motivation and that it is possible to get employees to perform better and be more satisfied with regards to their job situation. This theory is separated into internal and external motivation\(^{58}\) and is used in this paper to determine which incentives are most efficient to make key-personnel stay with LMPRC.

Internal motivation will make the employees feel that they are in control, give a sense of relation and generally feel good about themselves engaging in the situation.\textsuperscript{59} Deci & Ryan argue that too much focus on the external incentives will reduce the focus on the internal incentives. Furthermore this theory asserts that internal motivation makes the employees better and makes them stay over a longer period. Achievement based salary is negative related to the organizational commitment.\textsuperscript{60}

\textbf{4.6.4.1 Internal motivation}

Internal motivation is the motivation that comes from the work itself. Long term incentives aim to motivate employees to personal growth and to inject a long-term perspective into the employees. This theory focuses on explaining how to encourage the key-personnel to stay with the company by giving them opportunities. The interest among these incentives changes with regards to the internal- and external economical environment.

\textbf{4.6.4.2 External motivation}

External motivation comes from rewards such as salary, bonus and other perks. Many firms have short term incentives as annual bonus plan aiming to motivate the employees on their short term performance. These kinds of incentives can work to motivate all levels of staff. Short-term bonuses can result in plus or minus adjustments of 25\% or more in total pay, which makes the employees achieve more than their fixed salaries.\textsuperscript{61} When creating a strategic compensation plan it is important to think of the organizations long-term goals, and how the compensation structure can support them.\textsuperscript{62}

\textbf{4.7 The V.R.I.O. framework}

The V.R.I.O. framework works by distinguishing what leads to a competitive advantage for a company, by defining the resources or capabilities. The V.R.I.O. framework can provide a tool for internal analysis, by considering how to operationalise a human resource strategy for retaining key-personnel at

\textsuperscript{59} Ibid
\textsuperscript{60} Ibid
\textsuperscript{62} Ibid
LMPRC. The role of the HR executive is emphasized, because he/she may be of assistance when developing and sustaining an organization’s competitive advantages. The resource-based view recognizes HR as an important strategic player in developing sustainable competitive advantage. This is done by asking four questions concerning the business activities a firm engages in regarding value, rarity, inimitability and organization. By answering these questions, LMPRC can settle on whether the human resource is a strength or a weakness.

- **Value**: Investigates the value of a firm’s resources and capabilities, and how they enable the firm to respond to possible environmental threats or opportunities. LMPRC need to investigate how the human resources function can add value to the company.

- **Rarity**: Considers how to increase and exploit rare characteristic of the firm’s human resources to gain a competitive advantage.

- **Inimitability**: Value and rarity can add advantages to a company, but they work only in a short term if they can be imitated. This can be done by recognizing the significance of a company’s unique history and culture.

- **Organization**: To fully exploit a company’s potential resources and capabilities the firm has to be organized in a way that makes it possible to capitalize, adding value, rarity and inimitability.

**4.8 S.W.O.T.**

The S.W.O.T. analysis; Strengths, Weaknesses, Opportunities and Threats, is a tool that enables one to diagnose LMPRC’s external and internal environments, which is an important part of the strategic planning process. The S.W.O.T.-analysis can be useful to explore LMPRC competitive position relative to its competition. Strengths and weaknesses are internal factors whereas opportunities and threats are external factors. Strategy by Harvard Business Press, explains S.W.O.T. in the following manner:

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64 Ibid:52-55
65 Kotabe and Helsen, Global Marketing Management,(2004):261
• **Internal**

*Strengths:* Investigating the firm’s advantages and the capabilities that enable the organisation to operate well. These are capabilities that need to be leveraged.

*Weaknesses:* Characteristics that are harmful to achieve the purpose and that prevent the company from performing well.

• **External**

*Opportunities:* are trends, forces, events and ideas that can optimize the potential of the company.

*Threats:* Possible events that the company can not control and that are harmful to achieving the objective.

The disadvantage of using this model is that it has as tendency to encourage to “compile lists rather than think about what is really important […] It also presents the resulting lists uncritically, without clear prioritization.”\(^{67}\) Furthermore it is claimed that the S.W.O.T. analysis is “handicapped” because of the “difficulties in distinguishing strengths from weaknesses and opportunities from threats.”\(^{68}\) When applying the S.W.O.T. analysis for this paper, it will be restricted to use to Human Resource management.

\(^{67}\) Kotabe and Helsen, *Global Marketing Management*, 2004:261

\(^{68}\) Grant, Contemporary Strategy Analysis, (1998): 13
5. Empirical Data

This chapter of the paper will discuss the interviews that have been conducted for this research and will attempt to draw on their importance for LMPRC. Additionally we will present a summary of the interviews as well as a summary of the most important findings.

5.1 Interviews

The analysis is based on interviews conducted with senior managers and personnel at various companies in the Yangtze delta area, specifically in Shanghai and Suzhou. Interviews have also been completed internally at Laerdal Medical (Suzhou) Co., Ltd. and include top managers as well as employees on various levels. Different questionnaires were used for the different level employees. The questionnaires used can be found as appendix 2, 3 and 4.

5.1.1 Interviewees

To avoid conflicting interest and preserve trust, all interviewees and corporations are presented anonymously and simply in the order of when the interview was done; except for the general manager at LMPRC because of the importance of the information given by this individual. Some interviews were conducted in Norwegian and have been translated to English by the authors of this paper as accurately as possible, but some wordings may be different from the original language.

- Respondent #1: Western Male, CEO and founder, four years experience in China. Pharmaceutical industry
- Respondent #2: Western Female, Project manager, one year experience in China. Technology Industry
• Respondent #3: Chinese Male, Key-employee, Western education, Manufacturing

• Respondent #4: Chinese Male, CEO, Western education, Manufacturing

• Respondent #5: Western Female, Expert Interview

• Respondent #6: Chinese Male, CEO and founder, Western and Chinese education, Manufacturing

• Respondent #7: Chinese Female, HR Manager, Western company, Heavy industry

• Respondent #8: Chinese Male, General Manager, Experienced, Manufacturing

• Respondent #9: Chinese Male, HR manager, Experienced, Technology Industry

• Respondent #10: Chinese male, Section Supervisor, Experienced, Manufacturing

• Respondent #11: Chinese female, department member, low level experience, Manufacturing

• Respondent #12: Chinese male, Section supervisor, Experienced, Manufacturing

• Respondent #13: Chinese male, Section supervisor, Experienced, Manufacturing

• Respondent #14: Chinese female, Section Supervisor, Experienced, Manufacturing

• Respondent #15: Chinese male, Section supervisor, Experienced, Manufacturing.
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- Respondent #16a: Chinese Female, HR Manager, Western Male, General Manager, Experienced. Manufacturing. 16a and 16b were interviewed together.

- Respondent #16b: Chinese Male, General Manager, Experienced, Heavy Industry

- Respondent #17: Western Male, General Manager, Experienced, Heavy Industry

- Respondent #18: Mr. Thomas W. Scholz, General Manager of Laerdal Medical (Suzhou) Co., Ltd.

5.1.2 Summary of Interviews

**INTERVIEWEE #1**

The first interviewee is Norwegian and the chairman of a Norwegian company specializing in contract manufacturing and packaging of tablets and capsules. The pharmaceutical production is located in Jiangzu Province of China but has its management located in central Shanghai. The company is consisting of 132 employees.

The chairman and founder of the company have been in China for 4 years, and the company was also founded then. He has no previous management experience or HRM before starting his own company, but has learned from his “own mistakes”.

His experienced challenges with being a western manager was the handicap he had as a “foreign” boss. The stated reason was the frequently occurring culture barriers in the everyday work with his employees. His understanding of job satisfaction amongst his staff was 1) To make them feel appreciated 2) For the employees to see a growth potential as an individual 3) Care for them, be like a father to them. They are only humans. Factors in which he meant lead to dissatisfaction were 1) Talking behind peoples back 2) And not sticking to a promise.
On the question regarding turnover rate in the company, he responded that it is not yet a problem, but sees it as a growing problem. It had happened that his key employees had gathered an alliance together, and left. He defined key employees as special qualified persons with competence and special recipes which were important to keep within the company. His key staff was his R&D Manager, Q&A Manager and Lab Manager. The Chairman’s advice operating as a western manager in China were to 1) Always be active and shown in the workplace 2) Be there all the time, let nothing slip by 3) Do both factors until they trust you.

“How do you get feedback from your employees? Through gossiping! The employees have conversations behind my back. And there is always someone who tells”.

The Chairman's advices for responding to the retention issue in the future were: 1) Give your employees work tasks that are stabile 2) Give them responsibilities that they can manage / that are doable for them 3) Appreciate them in a “human way” 4) Implement good infrastructure / working environment.

**INTERVIEWEE #2**

The following interview was performed a little more casually than the others and offers information on what a major global IT company offers their employees and the results this can have. The Norwegian interviewee has over seven years experience in the company, but has only been in China for about one year.

According to this interviewee, the IT Company has experienced some trust issues with regards to the two year contract they require employees to sign if they are sent for training. The contracts being offered do not allow for salary bumps in the 2 year period and is thus regarded as unfair by the employees. However, the company can keep up this practice because of its size and well-known brand name; additionally this company offers good wages to its employees. Chinese employees are eager to work for them.
The company offers an employment-bonus to any employee who successfully recruits another person to the company. This is a global strategy and not just for China. The company has also a global strategy for training and in China offers extensive language training in both English and Japanese. These courses have proved extremely popular as a lot of the company’s business is conducted in one or both those languages.

The Chinese workers at the IT Company have made it clear that they enjoy the western management style. This gives them freedom to do their job as they please and no one is complaining as long as the work gets done. However, the interviewee claims that this system can occasionally create some “major kiss-ass” – individuals who use the weekly status reports as a means of praising the manager or their own performance.

Motivation is done through simple praise and encouragement. Additionally, promises or suggestions of other challenges in years to come ensure that employees stay with the company. The interviewee experience that working for a major western corporation gives much status to the Chinese employees. However, it is not just the company, but also the western managers who attract employees. As a western project manager, the interviewee was overwhelmed by the number of people who wanted to be on the team.

According to this interviewee perceived status seems to be a major motivational factor for Chinese staff.

**INTERVIEWEE #3**

This is an interview with a Chinese man from Shanghai that has been with a production/textile company for 1 year. He is a section supervisor with the company. He has studied general management abroad and has obtained a masters degree from a school in the UK. Interviewee got the current job through friends. For him the most important criteria when looking for a job are the working conditions and the environment. Furthermore he cares about the relationship he has with the boss and his colleges. In his case he explains that salary is not an issue; the reason is that he comes from a wealthy family. He is mostly pleased with the opportunity for further development and the training. Lastly he feels included in the job and the boss gives him empowerment.
According to him you get more benefits by working for a western company. One of the benefits he mentioned is holidays; he has 5 weeks of holidays a year. However, he believes that some Chinese are reluctant to take long holidays, because of the fear that they will be without a job when they return.

He believes all companies in China have a high turnover; because of the production staff, who has higher salaries as their priority. In addition he believes that the lack of corporate culture contributes to a high turnover.

In the company it is easy to make friends, and he has a good relationship with his coworkers. He considers his colleagues as his friends. If the company would provide him with the opportunity for growth, development, more challenges and flexibility he will be happier. By the term flexibility, he means for example having the opportunity to have a work office. He has a good relationship with his boss; he feels that he supports him and that he takes care of all workers. If his supervisor, the general manager, left he would leave the company as well, because the supervisor is the one that gives opportunities.

In his opinion there is a management difference between western and Chinese, and “relationship is what China is based on.” He points out that HRM is not Chinese; it has not been changed before being applied.

**INTERVIEWEE #4**

A General Manager with Chinese parents, that moved to Norway when he was 10 years old. He obtained his degree at the university in Stavanger and is presently working in the textile/ production industry. He estimates the turnover to be 26% among production staff and 1% in administration. Concerning cultural issues he gives the advice “*respect China and the Chinese conditions*”. To motivate the employees the company offers increasing salaries and training. Employees at administration level have the opportunity to travel abroad, to visit customers and fair shows. In addition they offer bonuses to the administration and provision for the production workers. He believes that the reason why some companies have difficulties retaining employees is because
they pay them below average salary, and the top management do not know how to stimulate the workers.

When asked about job satisfaction he separates between the production and administration workers. According to him production workers have salary as nr. 1 and working conditions as nr 2. While administration staff firstly look at the opportunity for development, secondly salary and lastly the social environment. When questioned about his own management style, he answered that he had meetings with his employees, where he helped them set personal goals, and developed a strategy to reach these goals. He has an open relationship with his employees however; he does not socialize privately with them. He has noticed a change over the years in what the workers want, he feel they have become more demanding. According to him western leaders have to learn how to motivate their workers, and bring out they workers creativity.

**INTERVIEWEE #5**

To get general background information, one interview was conducted with a Norwegian individual who has several years working experience in Shanghai. Interviewee has written several papers about the HRM issues in China and has also previously done research at Laerdal Medical (Suzhou) Co., Ltd.

According to the expert, the situation has changed over the last decades and where there before was a focus on salaries and money, there is now a greater focus on the extra privileges offered by employers, such as training and the possibility to climb a career ladder. Increasingly employees’ needs to be given the feeling that they have a future in the company and that there are opportunities for career advancement; there must be no obvious glass- ceiling. However, there is only so high an individual can go in a company. After all, there can be only one general manager. Nevertheless, the expert claims that as long as the company is growing, promotions are not a problem. In a growing company, it will always be possible to reallocate employees to a different department for new challenges within the same level.
In the experts own interviews, being seen by the management was given as one of the most important elements to job satisfaction.

It was the expert’s opinion that western managers should be more open to Chinese culture and Chinese in general. Western managers often bring with them a western management style thinking that it will work in China too. They are frustrated and annoyed when they find that it does not. To a western manager, Chinese workers can appear slow and incapable; this is not the case, but the Chinese educational system does not foster creativity, but rather focus on standardized testing. Chinese workers are not familiar with having to find their own way around a problem. The constant repetition, tedious and specific instructions that western managers must give are often a source of aggravation. However, this could be turned to a positive as managers get to spend time and create bonds with employees. It is interesting to note however, that according to current research, workers prefer working for Western companies and managers. The expert claim that Chinese companies are often disorganized with little structure, despite the hierarchical organization, and efficiency.

The cultural differences between the Chinese and western managers are often significant. The Chinese seem to focus on the individual in a work situation, but on the collective and family outside of work. This can make team-work extremely difficult and the supervision more important. The expert emphasize that one has to respect the differences and that there are no right or wrongs here.

On the question of whether or not the retention issue in China can be blamed on the rapid and sudden growth, the expert argued that when extreme changes happen in a historically very short time, adaptation will often give “strange results”. The contrasts between the old and the new are enormous and very visible. A lot of emphasis has been put on the importance of “face” for the Chinese. However, the loss of “face” is not so much a Chinese phenomenon as a universal one. To belittle or scream at employees in front of other employees is one of the biggest faults managers do, in China or anywhere else. Managers should be patient and care for their employees. Managers who know their
company and are not afraid to get their hands dirty will get the employees loyalty.

**INTERVIEWEE #6**

This Chinese interviewee functions as CEO and supervisor. He finished his master in International business in 2003. After this he worked in an IT company and was manager for one year. In 2004 he established his own company.

He believes it is important to give everyone equal opportunity and he does not focus on their previous experience. According to him “*The management is there to serve the workers*”, they should be there to organise and make sure that the job is getting done. He also believes that you should not “*lead people, you should just manage them*.” Furthermore, as Chairman in this company he believes that the solution on the retention problems is to have a good communication, take care of your employees, have a good relationship in addition to being their friend and partner. He advices not to be their boss, but share everything with them, make jokes and develop them all the time; “*people like to learn*”. These are some of the aspects western leaders do wrong. He also believes they are too arrogant and get frustrated with their employees. Moreover many western managers are here for the wrong reasons, “*if you do not like China and the culture, why are you here?*” As a manager he believes it is important to be strict and effective, but fair.

He thinks the most important criteria to retain his employees are 1) Self achievement 2) Salary, 3) Skills development. He does not think it is a problem to make his key employees be loyal to him, “*you treat them as humans and you know what humans want*”. To motivate his employees he gives bonuses, support the education for the employees and their kids give them access to a library with books, internet and magazines. Additionally the company arranges trips, celebrate their birthdays and goes out for dinner and karaoke. He defines his key-personnel as those who are in line with corporate culture, technological staff and middle management.

He believes that the five most important factors to strengthen the retention issues in the future are to: 1) Get closer to your employees, spend your private
time and weekends with them, “there is always a pay off”. 2) Give more support to your people, explain things more detailed and be patient. However, you should not explain everything like Chinese bosses do in general, find a middle course. 3) Follow up, not as often as a Chinese bosses, but more often than a western boss. Be informal when following up, just talk to them and help them; show that you care about them and that you want to make them better. 4) Understand the corporate politics in the company; you should get to know every single unit and get to know them on a personal level; find out who likes who. This is a mistake many western managers do wrong and often results in that many people resign because of bad working environment. 5) Study your staff key, get to know what family relations they have and what they have done before, if you know this you also know how long they are going to stay.

If a person want to leave he does not believe in stopping them from doing this; he is always welcoming them back and want to stay in touch.

**INTERVIEWEE #7**

Next interview is with the Chinese HRM manager in one of the worlds leading companies for environmental–friendly production of metals and materials. The company is originally Norwegian, but has established sales office in Shanghai. Interviewee has worked for the company since August last year.

When asking her about what she is most pleased with about her job and what is most important, she answers the European culture. It respects the employees and gives them the opportunity to develop themselves. She also finds it safe to see the long term plan the company has, knowing that it has a history of 100 years. Each new job interview is made in groups and by several managers.

She rated the three most important criteria for job satisfaction as 1) the international environment. She especially noted that the difference between the Chinese organization style and European. In the European organisation they are encouraged to be open minded. 2) Empowerment as a key motivator; the HR manager constantly focused on the importance for them to get responsibility. She quoted her boss: “Every person in this organization is an expert. You can decide. You’re the expert” 3) Show the employees that they have your trust. Trust gives them confidence.
They are offering insurance and housing fund which increases depending on how long they stay in the company. One of the company’s policies was focusing on that the job itself should be attracting enough. “There is no need to offer too much – just the job itself should be motivating enough.”

Currently the company has a turnover rate at approximately 15% - 20%. But the manager could tell that this for the moment was mostly on production level. 5% came from logistics department and sourcing. Her response on the biggest HRM challenge in the future was the development of doing business in Shanghai. Once a company is starting to lose market share, the company is becoming less attractive amongst Chinese job seekers. This company has been in Shanghai for 10 years; their market share has decreased over the last two years.

Her tips on how to prepare for the growing retention issue are: 1) The employee’s expectations will change in the future. They will become more and more demanding. Understand what stimulates them to be pleased at work. 2) Make sure to have good connections with the government in order to know how processes works. Understand that things take time 3) Understand the differences between cultures. Avoid getting angry and aggressive 4) Give your employees tasks they can manage. Stability is essential. If unexpected situations happen daily, they find it hard to tackle. (Two of the company’s employees left for this reason) 5) Be open minded 6) Know the Chinese politics.

**INTERVIEWEE #8**

Interview with a Chinese general manager working for a Western company. The general manager has been with this company for 2 years, but has extensive experience as a manager in China.

This interviewee started by blaming the Chinese school system for the problems with fresh graduates in the workplace. The interviewee claims that graduates are looking for standard answers and are not able to think freely or creatively; a result of the governments schooling policy and standardized testing.
The company’s procedure for identifying key-employees is by looking at the dynamic production chain and singling out those whose absence would cause a breach in the chain. Key-employees are generally loyal to the company. As a rule, this interviewee argued that key-employees do not leave because of salary offers, but that production staff does. Production staff are mostly non-locals and are at the factory with the single purpose of making as much cash as possible. Key-employees and administrative staff are motivated primarily through opportunities for personal development. The company’s reputation and prospects is the second most important factor, followed by salaries.

To keep key-employees one must develop a win-win relationship. Employees must be and feel empowered to the extent that they want to grow together with the company. The interviewee said that employees should be involved in different levels and departments; to not only familiarize employees with the operations of the company, but to identify and train personnel who have potential of becoming mid-level managers. Forcing the employees to think like managers and to be responsible for their own projects or areas has repeatedly proved successful in the grooming of new mid-level managers and supervisors. The interviewee stresses the importance of having an internal backup manager system. The work environment is stated as the number one reason for job dissatisfaction.

The company operates with a training budget of 1% of an employee’s salary. The training opportunities are discussed with the employee and tailored for the individual.

The interviewee claims that his company does not have a problem with retention amongst key-staff. The interviewee suggests that this is not all due to the positive work environment, but that selective and conscious recruiting ensures that the right people with the right motivation are employed. The company does not recruit from the top scoring candidates at the top scoring universities. Rather they select mid-level students who have extra-curricular activities, often even inviting interns into the company before they graduate. It is believed that these candidates will be more open to learn and are not so set on the cramming as many of the top scoring students are. As long as
opportunities are created for the key-employees, the head-hunters frequent calls and offers will have little effect. Head-hunters are indeed unfortunate as employees do not even have to leave their seat to find new employment.

An informal management style seems to function well for Chinese employees as well as for western. Casual and almost friendly relationship with a supervisor or manager makes the cost of changing a job higher. Additionally, if the manager is constantly in the employees face, attitude problems are sure to arise.

Finally, when asked for 5 tips for the retention problem, the interviewee listed the following: 1) Aim to make the company more profitable. 2) Provide a future for your employees in a growing company. 3) Make friends with employees. Know what they are thinking and doing. 4) Coach the employees. 5) Make checklists and follow up.

**INTERVIEWEE #9**

An interview with a Chinese Human Resource Manager in a German Conglomerate. The manager was headhunted for the position, and has previous working experience from a Joint Venture as HR manager. This was the largest company we interviewed; they have 40000 employees in China, of which 10000 are in Suzhou.

According to the HR Manager the company has had an average turnover of about 10%. When asked about more specific number, where production staff and management was separated, he answered that the general turnover was 12% among management, and 20-25% in production.

With regards to retention, the company considers the biggest HRM issue in the future to be keeping the ones that are well educated, speak English and have experience. To motivate the employees, the company offers traveling, training abroad, and education. The company has set up its own “university” in China, were they send their employees for training. The HR manager believes that employees are firstly motivated by having a manager that understands them, secondly the working environment and culture, followed by the opportunity for development, and lastly salary. He also focuses on the relationship between the
managers and the employees, and the importance of them having a good communication. According to him “all line managers are HR managers.”

He does not see the retention issue as a big problem. He does not believe it will cause any problems for the company in the next 3 years, however he thinks it can develop into a problem in the future, in about 5 to 10 years.

**INTERVIEWEE #10**

An interview with a male Chinese, non local, with a bachelor degree. He has been with the company for 3 years. The interviewee has no experience working for a Chinese company.

The most important thing for him when looking for a job is the opportunity for development and the chance to reach a higher level. It is also important for him to have a working place near his home. However he does not find the job at the company challenging enough and he does not see a good chance for further development. Furthermore, he believes there should be a growth potential for him in the company, but does not believe that this will occur.

In the workplace he is most pleased about the environment, his coworkers are his friends, and he has a close relationship with his supervisor. He also considers the General Manager as a good boss who shows his employees respect. He does not believe it will be easy to change job; not if he wants to reach his aim. The most important criteria for job satisfaction are firstly having a good chance to develop. Secondly having a good manager, friends in the company and feeling a part of the corporate family. Lastly he mentions salary as a criterion. He receives benefits such as training, mostly internal and he would like to receive more training.

Interviewee does not feel that the company shows sufficient appreciation of his work. He said that he received little feedback, unless it was negative. He would like to receive more feedback from other departments.

He feels the company could pay him more, due to the high prices and that housing costs are increasing.
Interviewee does not believe there is a high turnover amongst his colleagues. He believes that the manager shows respect, cares for the workers and has confidence in them. For him to be more satisfied with his job, he would like more challenging work, a more important job; the current job is too easy. According to him, the company does not include the people with lower positions in decision making. They are not included until late in the process. Lastly he said that he does not see retention as a big problem, and that Chinese people like stability.

**INTERVIEWEE #11**

This Chinese woman has been working in her current job as a department member for three years. She holds a higher level job today than when she started.

When looking for a job the three most important criteria are 1) Salary, 2) That the job fits you, 3) Company culture. In her job she is very pleased with the company giving her opportunities to learn new skills. Interviewee has a desire to work in finance, but does not think this is possible with her education. She is quite focused on having a job that is of high standing and having external courses for her to attend e.g. communication courses.

With regards to salary interviewee prefer an increased salary compared with bonuses. Interviewee believes that she is paid fairly compared with other companies. The interviewee is loyal to the company and would most likely not quit if one of her supervisors decided to leave the company.

She would like to stay in the company as long as she has the opportunity to grow. If she was offered more than 50% higher salary in another job she would consider changing.

**INTERVIEWEE # 12**

Interview with Chinese section manager. He is regarded as very valuable to the company because of his important role in the critical production process. He has worked in the organization for 3 years. He also has previous management experience from a western company.
When asked what the most important aspects in his day to day work are, he ranked them in the following order: 1) The company culture and the “family values” 2) The respect they all are giving each other 3) The encouragement from the general manager and his colleagues and lastly 4) Salary. During the last year he has been contacted by head hunters, who are frequently calling and offering double salary. Even though head hunters have called him several times, he has turned them down. The reason for doing so is the loyalty he feels towards the general manager and the safety he feels of being in this organization. The interviewee followed the general manager from his previous to his current job.

He does not see any potential for him to grow into any higher position in the company. He describes the company as a high profiled company in the Suzhou area, and has a good reputation amongst Chinese employees.

His tips on how to prepare for the future retention situation in China were to give every employee a position where they can develop themselves and grow; increased position also equals increased salary. Secondly he commented on the importance of a company culture with a flat organization style. He continually mentioned the importance of trust in the competence of the workers. Trust is also a key factor for motivation.

**INTERVIEWEE #13**

Interview with Chinese section supervisor. He has worked at the company since 2003.

The criteria the interviewee was most pleased with regarding his job were: 1) The way in which the company works like a family 2) That the boss is kind and professional 3) The company has high profile in the community and very high status.

His most important job criteria’s were ranked as 1) Reputation 2) Company culture 3) Salary and 4) European companies because they generally have better working conditions and therefore also a better reputation than Chinese companies.
The interviewee found it easy to change jobs, because of the head hunters calling often. He has rejected offers from others, but regretted it now. His reason was the lack of ability to grow in the company. He expected to terminate his contract when the next offer occurred. Friends of him had left for a 50% increase in salary and better positions. The employee talked about the importance of trust showed by the management. As it turned out by talking with him he explained his unhappiness towards the upper management. He felt no trust or responsibility. He found it difficult to talk with the general manager about the problem, because of the possible situation of losing face. The employee did not think there was a high turnover amongst the staff because of general loyalty towards the company.

His general comments on how to change the future retention problem were: 1) Trusting the employees and their ability to do their work, 2) Develop your employees and give them the ability to grow in the company, 3) Offer good welfare such as bonus, training and salary.

**INTERVIEWEE # 14**

Interview with Chinese section supervisor. She is local and has been with the company for 5 years. She is well educated and has previously worked for western companies.

Interviewee indicates that only European companies are interesting when looking for a job. The business culture and management style of European businesses is very attractive. She found the current position through ads posted online and in newspapers.

As a person of some experience in the job, she found that the most satisfying aspects of the job are that it offers new challenges and that managers are not too controlling. Interviewee is well aware of how easy it would be to change workplace, but stay in current position because of the freedom and opportunities offered in the current job. She states that the four most important criteria for job satisfaction are 1) Sense of achievement. 2) Trust from the upper management. 3) Confidence given by upper management. 4) Salary. Additionally she draws on the opportunities to train abroad as an important factor for staying with the company.
The interviewee feels that there is definite growth potential in the company. It would be possible to move to different departments and as long as the company is growing the challenges are new and plentiful. She is generally satisfied with her current job, even if the salary could use a bump. However, respondent is well aware of the potential vicious cycle of always wanting more money; and argues that there are more important things. Job satisfaction comes from everyday events, being able to talk to, suggest things to and discuss with manager and headquarters. She believes that the company is sound and values the stability and low turnover amongst colleagues.

The only thing she suggests as something the company could offer for increased job happiness is: English language, culture and communication training. Interviewee suggests that this will also provide new challenges and greater opportunities for growth.

On the question of what would happen if her supervisor/manager left, the response was that it would depend on the new manager. There is however, a definite possibility that she would also leave the company. Interviewee believes that western managers should take more time to meet face to face with their employees. Contacts from HQ are often misunderstood in emails and should be more aware of the cultural differences of some statements. Interviewee does not give examples.

For the future, she suggests 1) A strengthening of the company culture and environment, 2) Increased welfare packages, in order to retain staff with the company.

**INTERVIEWEE #15**

Interview with male, Chinese section supervisor. Respondent is local and has less than one year experience with the company. Interviewee is well educated and has held previous jobs.

Interviewee states that he knew the company previous to working there. The company reputation is well known and job seekers will be aware of the potential offered by the company. Indeed, the company culture, its open mindedness and direct communication, is offered as what he is most pleased
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with in his job. The interviewee enjoys that he feels empowered and authorized by the general manager to do his job as he wishes. The reason for leaving previous job is given as “difficult work environment”. The three most important satisfaction criteria for him are: 1) Development, 2) Work Environment, and 3) Salary. He does not have any job benefits that are uncommon in the market. The most motivating tool is according to the interviewee the annual targets that are being set for his department.

The interviewees’ supervisor is open and accommodating. They have a good, close relationship and issues can be raised without fear. Praise is often given face to face and is important to keep spirits up. He feels strongly that the company appreciates input and opinions from the employees. Furthermore, the interviewee argues that leaving a job simply because a manager or supervisor left would be unprofessional and bad.

Finally, when asked for general tips for general managers on how to retain employees in the future, the interviewee listed the following three: 1) Team Building – Strong Teams stay, 2) Offer vocational training and make room for personal development, and 3) Let the employees share in the success of the company – offer bonuses and company shares if possible.

**INTERVIEWEE #16a**

Interview with female Chinese HR manager at a Norwegian company. She joined this company when it first started up in Suzhou in 2004. She has 15 years work experience.

This company has a well designed retention plan and is constantly working on it to make it better. When appointing employees for senior position she uses personality testing as a tool. The interviewee said that managers must “find out what the interest and values are and make a package designed for this”.

In general the most important issues are 1) Development, 2) Working environment, 3) Economic safety.

It is important to find out which kind of people you want to retain and how much you are willing to do to make them stay. The organisation focuses on knowledge, experience, potential and attitude.
The key-personnel in this company are technicians and managers. “If they have both skills they would become the star.”

Interviewee explains that it is important to make the employees understand how much you care about them. Every three months all the employees have a meeting, where a company newsletter is presented to show everyone how the company is doing.

There is an annual training plan both internal and external for all employees. The company focuses on promoting internally in the company. For some of the key-employees large resources have been spent to develop their skills. This offer is protected by a strict contract. Should they resign the employees need to cover the expenses for the training and they can not work for any competitors in a set period. Furthermore, the company also has annual bonuses for all their employees.

Interviewee argue that the most important thing when building a solid organisation is to have good “house keeping”, make the organisation a safe working place for all the employees. The other two important factors are the technology and the staff.

*Interviewee #16b*

This Austrian general manager has a long history in the company and has been working in many other countries for the same company.

The company’s plant in Suzhou was built in 2004 and has developed much in the last years. In the start it was important to make the employees believe in the success of the company and to make them believe that the company would be successful. This was achieved by good communication, showing employees the progress, giving them small bonuses even if the company did not earn money and arrange low cost activities such as sports.

Since 1999 there has been established approximately 3000 new companies in one particular industrial area of Suzhou, which provides 210 000 new places of
employment. He argues that this is one of the major causes for the retention problem.

The most important is to treat people the way you would like to be treated yourself. He does not think there is a big difference in the methods to retain Chinese or western key personnel. One difference he had observed was that in China people are more loyal to the managers than the company. “People are loyal to people, not to buildings and machines. We represent the spirit of the company”. Furthermore it is important to show by acting, not only by speaking; “What people believe is what you DO”. He believes the best way to get things done is to be specific when talking and establish a good two way communication; “Ask the right questions". "When an employee gets promoted “Grow with them together, make them understand what they are doing and follow them up as they are developing”. Furthermore, he gives the employees a different title which is good for their “face” and makes it sounds as they have a higher position than they really have. If you want to retain your key employees, “Just make it hard to find a job which is better”.

If a person is leaving it is important to have back-up management, but also use this opportunity to make the company structure flatter. Give everyone new areas of responsibility. The most important aspect is to “have the right people for the right job. You need some turnover in the company”.

There is no reason to stop people leaving and if a person decides to resign the job, always welcoming them back leads to a good company reputation.

**INTERVIEWEE #17**

A German general manager that has been in the company for nine years. He has worked in China for eight years. He has previous experience as general manager from a company in Europe.

He defines both management staff and production staff as key employees. In his field of work, product control and quality is very important. The workers in production are impossible to control, that’s why trust is so important. He believes that the key-employees are loyal to him, and not to the company.
The company has a turnover of 2%. The manager believes that the reason why his employees don’t leave is because he treats them with respect. In addition he offers medium salary, bonuses and good food. He tries to provide the workers with western working standards, and not Chinese. The company offers company car as a long term incentive to some of their key-employees. He believes that the growth in China is the reason for the retention situation. When asked what promotes job satisfaction, he answered firstly that managers have to “treat the workers as humans”. Secondly offer trips, and lastly offer the workers acceptable working hours. In addition his company offers bonuses to motivate the workers. “Things that make you unhappy” promote dissatisfaction. He dislikes the American hire and fire system, and believes that people stay in a company if they have all settled in the area. He tells us that the new labor law did not affect his company dramatically as they are following western legal standards. He has heard about several cases were Taiwanese and Japanese owned plants did not follow the new labour law. By offering bribes to the local police, companies try to avoid adhering to the new labour law.

He believes that they have an advantage since they are located near the center. He talks to his employees and is down on the factory floor every day. He practice an open-door policy, employees can come to him anytime. According to him the biggest mistake western managers do is implementing a western management style. This open and independent style does not work well in China.

With regards to cultural issues, he believes a lot is “lost in translation”. Over the years he has noticed a change in what the workers are interested in. They have become more demanding and want more holidays and training abroad. The advice he offers is to keep an open mind, hire experienced managers and stay away from western management styles.

**INTERVIEWEE #18**

Thomas W. Scholz is from Germany and is the general manager in Laerdal Medical Suzhou Co., LTD.
One of the first things we noticed was that Mr. Scholz had the door to his office open. He told us that this door is always open and he believed that was an important factor in order to come closer to his employees.

As LMPRC is a western company and has a god name in the Suzhou area, they do not have problems hiring people. The issue is to keep them.

LMPRC is sponsoring local schools; they have “open days” and exhibitions to make people know about the company and what they are doing. Mr. Scholz tells us that they give all the employees contracts printed on formal paper and with a professional layout. This is something that many Chinese companies do not do. He feels that it is important early on to make the employees feel a sense of pride in their jobs.

He tells us that there has been a great change in the local environment in Suzhou over the past ten years. These changes are mostly based on the economical growth in China in this period. With regards to the retention issue in the company - and generally in Suzhou - he has noticed that people have much more money than before. This has developed a new generation of young “princes and princesses” who get what they want from their parents and do not really have to work. As a result of this there are many young new educated employees that quit their job in the company after only a short period. He tells us that many of these employees are lazier than employees used to be before. This has resulted in him not wanting to hire too many students coming straight from school. He believes that some work experience is essential to get the best workers. He has noticed that money does not appear to be as important as it used to be, especially not for qualified, key employees. However LMPRC pays their employees 50-75 % over market value (which is not uncommon), but he explains the importance of not having too high salaries as this will disrupt the salary structure in the area. He explained that the American companies generally pay their employees 100% over the average market value. They have a "hire and fire" strategy where they recruit far more candidates than they need from other companies, selected the best and fire the rest.

Mr. Scholz wants to give his employees as much freedom and flexibility as possible as long as they do their job and follow the law and ethical standards.
The management in LMPRC are able to work flexible hours; they have two hours buffer time on their office time from 09:00 till 16:00.

When asking him about the new labour law he did not see this as a problem as LMPRC is a Norwegian company and follows Norwegian legislation. He told us that LMPRC is trying to give their employees tax reductions; “If you earn less than 2000 RMB there is no need to pay taxes”. Optimization of income tax for the employees is something LMPRC is working towards. The company offers life insurance to the employees.

There is a changing environment in China now. Companies must have the right program in place to be competitive in the market. Companies must differentiate themselves from others. Mr. Scholz argued that LMPRC’s vision and mission statement benefits the company’s reputation.

LMPRC defines its key-employees as persons who are related to the business process and/or is of limited availability in the market. In identifying key-employees Mr. Scholz is looking for a “diamond in the rough” – one that can be groomed and primed for promotions and management positions.

LMPRC offers training for its employees. Some are mandatory and are requested by the company, whereas others are offered voluntarily to the employees.

Mr. Scholz tries to be preemptive with regards to the retention issue and will try to make employees consider the costs of job change: not just the salary, but also the cost of overtime, family life and the company environment.

If he left the company, Mr. Scholz believes that his successor would find that many employees loyalty lay with their supervisors and managers and not with the company. This could potentially create an issue for the company as some employees might leave.

In order to keep employees motivated, Mr. Scholz believes that clearly defined areas of responsibility must be created for each employee. They must feel trusted and that their opinions matter. Employees who feel they are important to a company will be more loyal. Mr. Scholz emphasize to employees that their
work is “helping save lives”. Creating a challenging environment with clear vocational, certificate, training will also make employees stay longer in the company.

The company provides dinner for all the workers; however it is only taken advantage of by the nonlocals as the locals go home to their families.

5.2 Summary of Findings

5.2.1 Interview highlights
The interviews indicate no clear answers for how to retain your employees, but they do provide some ideas as to what managers should be doing to minimize turnover. Nearly all of the interviewees mention the importance of treating workers well on a personal level. The Golden Rule of life – treat others as you yourself would like to be treated – seems to be an important management technique, one that many Chinese companies have forgotten. Loss of face is not only a Chinese phenomenon. Treat people well and they will be loyal. A compassionate leader is not the only reason for wanting to work for a western, preferably European, company. Interviewees mention the status it brings, opportunities for travels abroad and being empowered by managers to do the job as they see fit.

Interviewees mention that one of the most important reasons for leaving a job is the state of the company. As long as the company is growing and new challenges are being put to the employees they will stay despite almost any offer the head-hunters give them. Give employees long-term objectives to show that you wish for them to stay and that you trust them.

According to all interviewees turnover is not a problem. Amongst administrative, key personnel none of the companies interviewed admitted to having a problem keeping their staff. Turnover amongst production staff is much higher than for administrative, but is still not considered a problem for the companies. Production staff is easy to find for European companies; training costs are low and the availability is plentiful.
For the Chinese employees to be happy in their jobs, western managers must respect the Chinese conditions and not automatically assume that a western, hands off, management style will work. Yet the controlling nature of Chinese managers and the hierarchical structure of Chinese companies do nothing to motivate the employees. A middle ground must be found where employees are helped in setting and reaching their goals, but that they are being empowered to find their own way to the end.

There has been a shift in recent years, as workers on all levels are becoming more demanding. No longer is the most important aspect of one’s job the salary drawn from it, but rather the opportunities offered by the job. This includes even assembly line workers. Employees are becoming increasingly aware of the possibility of having a career, something Chinese workers have been denied in the SOE’s. Ensuring that employees can grow and be promoted internally is vital for retention. Some of the interviews said that they had established a system where employees were moved around the company to familiarize them with all aspects of the business and to identify and train replacement section managers or supervisors.

Most companies interviewed offered additional training to their employees as a means to retain; some even offered training for family members of key-personnel. Some companies offer bonuses, some offer social outings, some offer insurance and housing funds, and some offer tailored solutions based on years worked in the company. Except making sure that employees have opportunities to grow and develop, there seems not to be one specific strategy that managers can offer to retain their employees.

5.2.2. Findings from Internal Interviews
The internal interviews reveal that workers at LMPRC are indeed like most workers in the area; the higher level employees are motivated primarily based on possibilities for personal development and career growth whereas the lower level employees are motivated by financial remuneration.

Some interviewees responded that they did not find their job challenging enough and did not see that there was a clear career path for them in the company. Generally, workers at LMPRC are pleased with the work
environment; that it is a social and friendly work space with a family like atmosphere, managers are easy to find and talk to, there is respect for fellow colleagues and workers and managers alike are open minded with direct communication. Section supervisors would like to be included in the decision-making process at an earlier stage.

Interviewees were generally satisfied with their salary, although most felt that they could be making more. All of the interviewees had been contacted by head-hunters, some frequently, and all knew their market value. The primary reason for not leaving LMPRC was given as positive relationship with managers and the positive atmosphere in the work place.

Most interviewees found their current positions through ads posted online and in newspapers. LMPRC is a well-known brand name in the area and it has positive connotations associated with it; firstly because it is in the medical sector, but also because it is a European company.

Interviewees are not clear on what would happen if the general manager left the company. Some would try to follow him elsewhere, but others consider this unprofessional. The interviewers understanding is that there would be a wait and see mentality with regards to the new manager before people would decide to stay with, or leave the company. Most are loyal to general manager and not to the company, but it is not clear what would happen should the situation present itself. Interviewees do not think there is a high turnover in LMPRC. They believe people stay because of a positive relationship with the general manager.

Interviewees ask for more training, in language and culture as well as technical or administrative. One interviewee indicated that it would have been interesting to know if it was possible to get training to work in another department.

5.2.3 Job Satisfaction

During the interviews the respondents were asked to give their own ideas of the top three criteria for job satisfaction in accordance with Herzberg’s motivation-hygiene factors. The following table is a statistical summary of their answers. #1, #2 and #3 refer to how important each respondent believe the
corresponding factor to be. Some answers have been edited to simplify the table. The complete list can be found as appendix 6.

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<thead>
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<th></th>
<th>#1</th>
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<tr>
<td>Appreciated by management</td>
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<td>1</td>
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</tr>
<tr>
<td>Personal development</td>
<td>7</td>
<td>3</td>
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<tr>
<td>Relationship with supervisor</td>
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<td>Work environment</td>
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<td>Salary</td>
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<td>Trust</td>
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<td>Company reputation</td>
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**Total population**

|                                | 16 | 16 | 16 |

Fig. 4: Unranked table of job satisfaction criteria

Fig: 5. Unranked findings of job satisfaction criteria

This list consists of answers given by interviewees on the following levels: General Managers, HR managers and defined employees.

Firstly it is interesting to note that salary is said to be less important than perhaps originally expected. 6/16 has salary as #3, but only one interviewee has
salary as #1; this particular interviewee is in addition the lowest level employee interviewed for this research.

Offered as the number one reason for job satisfaction and for staying in a company by 7/16 of interviewees, is opportunity for personal development. This category includes on the job training, acquiring new skills, and possibilities for career advancement and promotions.

The factor “Work environment” includes social interactions in the workplace, the physical office locale, work conditions and the internationality of it – meaning different cultures. Arguably, “Appreciated by Management” and “Relationship with Supervisor” could also be included in work environment category. However, in order to get a more correct picture of which factors create job satisfaction; these two factors have been kept separated from “Work Environment” and constitute respectively factor number four and five, as seen in the ranked table below.

Several of the interviewees discussed the importance of being appreciated by management, but only 3/16 included this in their top-three list. It is possible that the researchers here focus too much on interviewees listed answers rather than occasional informal references during the interview.

When the answers are ranked, the top five requirements for job satisfaction according to the respondents for this research become clear:

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<td>2 Work environment</td>
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<td>6</td>
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<tr>
<td>3 Salary</td>
<td>1</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>4 Appreciated by management</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>5 Relationship with supervisor</td>
<td>1</td>
<td>2</td>
<td>1</td>
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</table>

Fig. 6 Ranked table findings of job satisfaction criteria.
Graphically:

![Graph of job satisfaction criteria]

Fig. 7. Ranked, graphical findings of job satisfaction criteria.

### 5.2.4 Job Dissatisfaction

The research indicates that Herzberg’s motivational theory can only be partially applied. Factors leading to dissatisfaction, hygiene factors, are not necessarily factors that do not lead to satisfaction as Herzberg argued. Herzberg argued that salary does not lead to satisfaction, but if absent or perceived unfair will lead to dissatisfaction. The research for this paper indicates that salary itself can be a motivational factor. However, more extensive research is required to say positively whether or not salary is indeed a motivational factor or if it is simply a hygiene factor as Herzberg argued. The consensus amongst the interviewees is that a lower salary is acceptable as long as there is room for personal development and that the work environment is acceptable. In fact, if the top two factors are fulfilled, a significant increase in salary, >50% according to Interviewee #12 and #14, is required for employees even to consider changing their jobs. It should be mentioned though, that the research for this paper did not ask for interviewees to separate between factors that lead to dissatisfaction and factors that if not present lead to dissatisfaction.
6. Analysis

In this chapter the focus will be on analyzing the findings. By drawing on primary and secondary data as well as relevant theories, this chapter will offer an analysis for the future retention strategy at LMPRC.

6.1 Criteria for Job Change

Why do employees change their jobs? Mercer human resource consulting has surveyed over 100 companies operating in China and found that staff turnover is getting worse with the average tenure for 25-35 year olds falling from an average of 3-5 years in 2004 to just 1-2 years in 2005.69

Qualified Chinese workers have many options when it comes to job change. The many head-hunters mean that Chinese workers do not even have to leave their desk or send out a resume to find new employment. As the interviews indicate, salary levels are increasing because of the increasing competition. Skilled and qualified employees are often offered significant pay rises should they want to change jobs. However, the research for this paper indicates that offer of higher salaries are rarely the reason why employees change their jobs – at least not the only reason. Despite managements efforts to offer substantial training and career opportunities, people will leave their jobs if they are not satisfied with the social work environment. If they do not get along with their co-workers or manager they will not want to work for the company almost regardless of pay.

Employees wanting to leave the company should not be hindered, (Interviewee #6, #16b, #18) but it may be worthwhile to discuss with them the total cost involved in a job change. Not only the monetary gain, but the personal cost of having to set up in a new place again must be considered.

Managers who take their time talking to employees before and after leaving a job will gain important information about why employees choose to leave the

69Multinationals find staff retention in China a growing problem, 2006. www.fabtech.org
company and will also ensure a good reputation. This is a practice already in place at LMPRC. In fact, due to post-resigning conversations with employees, some have regretted leaving their jobs and asked to come back to LMPRC.

6.2 Defining Key-Employees

A part of the research aim for this paper is to suggest ways to identify the key-employees at LMPRC. There are many ways to define who the key personnel are, and this will be different as to what kind of enterprise it concerns.

It is clear that all employees at LMPRC are important for the daily operations. The manager claims that production staff is not difficult to replace and easily replaceable staff should not be considered key by the company. Instead, efforts should be made to create a map of the organisation and the manufacturing process; from initial research to completed fabrication. This will identify those functions whose absence would cause the production to slow down or even to stop. Most managers interviewed had their own definition of who their key-employees were. Interviewee #8 and #17 were the only ones who had a clear method for defining their key-employees; Interviewee #8 examines the production chain looking for the key-employees and interviewee #17 identifies key employees based on their knowledge, experience, potential and attitude.

Some of the managers argue that all their personnel are equally important and therefore all key. Others argue that whereas all employees are important, their key-employees hold important information of the daily running of the business. Employee definitions vary, but when examining the collected data, two categories of employees are most useful for selecting who a company’s key-employees are:

- Head of department/Section Supervisor

Head of departments or Section supervisors often have a strong influence on the workers. Supervisors often establish a caring, father-like relationship with subordinate employees and there is a risk of them taking employees with them if or when they leave the company. A head of department is an important connection link between the manager and the given department. As the
manager in LMPRC is a western manager, he may have some problems approaching the other employees both culturally and linguistically. This means that the general manager is dependent on his section supervisors. A head of department is generally difficult to replace.

- Engineer/Technical

Engineers and technical personnel will often have intimate knowledge over processes and functions surrounding the development and production of a company’s products. These people are often considered a competitive advantage for a company and are highly sought after in the market. Highly skilled engineers are generally difficult to replace.

### 6.3 Cultural analysis towards China

There are many social aspects to consider when analyzing Chinese culture. The findings done by professors such as Geert Hofstede and Fons Trompenaars are therefore important to discuss in order to gain knowledge of differences between Western and Chinese culture.

Based on Hofstede and Trompenaars theories and on empirical data collected, this paper will attempt to offer an analysis of cultural situation in China.

#### 6.3.1 Hofstede’s dimensions

For this analysis this paper will draw on three of the five dimensions identified in Hofstede’s cultural research.

#### 6.3.1.1 Power distance:

China ranks significantly higher in Power Distance compared to the other Far East Asian countries, and even higher than the world average.\(^7\) This is indicative of a high level of inequality of power and wealth within Chinese society. According to Scarborough it is at this point important to note that “Chinese enterprises organize themselves very simply, by function with highly centralized, top-down decision making authority and vertical information

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flows.” Even though western enterprises tend to focus on the more flat organization style, LMPRC must still keep in mind that this organizational structure prevents employees from developing in positions. Managers also tend to value loyalty more than objective contributions, and disagreements with the boss. Information also tends to be closely held and shared only when necessary, to subordinates. The empirical data collected indicate that arising problems are generally taken to the general manager. While it at this point may not be a problem for the employees to confront the manager, it might be of more importance to delegate these “confrontations” to mid-level managers. Not only is it important to trust the general manager, it is also essential to develop a trust bond between mid level managers, or “key employees” and their subordinates.

6.3.1.2 Uncertainty avoidance / Conservatism

China is ranked high on the scale of uncertainty avoidance. This finding is based on the belief that it is caused by the value and tradition of Confucianism. “The future and nature will unfold as they will; hence Trompenaar’s findings of strong external attribution and a highly diffused view of the world and relationships.” As opposite as this is to the western way of thinking, we get that the importance of focusing on flexibility when it comes to working hours and task (hence career development) needs to be set focus on.

6.3.1.3 Long - term versus short – term orientation

This fourth dimension was found in a study among students in 23 countries around the world, using a questionnaire designed by Chinese scholars. Values associated with long term orientation are thrift and perseverance; values associated with short term orientation are respect for tradition, fulfilling social obligations, and protecting one's 'face'. Both the positively and the negatively rated values of this dimension are found in the teachings of Confucius, the most influential Chinese philosopher who lived around 500 B.C.; however, the dimension also applies to countries without a Confucian heritage.

72 Ibid
73 Ibid: 71
74 Ibid: 68
6.3.2 Trompenaars dimensions

Trompenaar found that the Chinese first of all tend to view an organization more as a means of clarifying roles than performing functions. In LMPRC’s case this finding is extremely essential, as most of both employees in LMPRC and other interviewed companies ranked personal development (Fig. 6) as the most important factor. Having this in mind, and knowing the employees importance in clarified roles instead of functions, this factor might help the organization find a strategy for developing roles within the company.

Secondly Trompenaars findings proved that the Chinese prefer the leader to act more as a father figure than a task driver. This is much discussed in the interviews for this paper. The importance of showing empathy and giving a sense of “care” creates, as the research indicated, a stronger bond to the general manager, and through him, to the company.

Thirdly, the Chinese tend to be flexible and comfortable with respect to changing deadlines. Flexibility is something LMPRC has implemented quite well in their use of flexi-hours.

Another aspect amongst the findings is that the Chinese believe that an enterprise ought to care for its members in a paternalistic way. This could explain the loyalty felt towards the general manager as indicated during the interviews. LMPRC’s “family values” are deeply implemented in the organization.

One of the last, and perhaps the most important finding, from Trompenaars cultural studies in China, is that they tend to favour assigning status more through achievement than ascription. This might also contribute to a healthier competitive environment and motivation towards climbing in position.

6.3.3 Cultural conflicts

A report published in the China Daily newspaper states that “Cultural differences with western bosses is the main reason many highly paid Chinese managers at local foreign ventures leave their jobs”. 75 According to this report

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the turnover rate was only 24\% for managers who said their boss has a strong understanding of Chinese culture.

This underlines the importance of cultural understanding between the section supervisors and the general manager. From our interviews we found that the communication level between the general manager at LMPRC and the mid-level managers is satisfying. In the future LMPRC needs to be aware of the growing importance of cultural understanding in order to minimize the turnover rate.

### 6.4 Promoting Motivation

The biggest concern when it comes to motivation is that people are not necessarily motivated by the same things, as was indicated by McClelland’s research. Alderfer’s ERG theory supports these findings and explains how people are motivated based on their needs. Along with focusing on the right motivational tools, in accordance with the cognitive evaluation theory, these theories will help analysing how to identify the right incentives for the individual key-employee.

The research indicates that for qualified, high level employees’ motivation comes primarily from the opportunity to do a good job and the feeling that there is room for individual growth within a company.

#### 6.4.1 Motivation according to Herzberg

Being published in a recent Harvard Business Review show how relevant Frederick Herzberg’s theory still is - even after his death.\(^{76}\) In this publication Herzberg himself argues that even though current media claims the opposite, his theory holds and real motivation does not come from perks, promotions or pay. Although such extrinsic incentives may stimulate people to work hard, they will likely only perform as long as it takes to get the next raise or promotion. Even if LMPRC offers big paychecks and other extrinsic incentives it will not necessarily make people work harder, better or even stay. Herzberg

Motivating and retaining key-employees
Bachelor Thesis BI & Fudan, 2008

argues that the reason for this is that most people are motivated by intrinsic rewards, such as interesting and challenging work, and the opportunity for career development. This is also found in the empirical data for this research. Extrinsic incentives must nevertheless be present as few individuals can afford to work for no salary. Enabling employees to “activate their internal generators” is the real key to motivating employees according to Herzberg.

Production staff in the Yangtze delta area seems generally to be motivated by salary alone in complete disregard for Herzberg’s theory. The situation changes though, the higher in the management system you look. Administrative personnel and key-staff are not similarly motivated by money alone. Further research is needed to determine whether Herzberg’s theory only holds against administrative, higher level personnel and not against production personnel in China.

6.4.2 Motivation according to Cognitive Evaluation
Information gathered through the cognitive evaluation analysis will help LMPRC to focus on the “right” form of motivation incentives for their key-employees.

As mentioned before, the empirical findings indicate that key-employees found personal development as the most important motivation factor in their job. Additionally, an interviewee explained that “people like to learn” (Interviewee #6). These are factors that can be referred to as inner motivation; the source to motivation is in the performance of the job itself which can be explained as the desire for competence and self-determinations.

Salary and other bonus related to motivational factors are described as external motivational factors. These are found as number three in our empirical findings. (See fig. 6)

The empirical findings demonstrate that many companies’ focuses on inner motivation on different levels and in different ways. One of the HR managers interviewed underlined that the company’s policy was that the job itself should

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77 Ibid
78 Kaufmann & Kaufman, Psykologi i Organisasjon og Ledelse, (2005): 51
be attracting enough (Interviewee #7). To expand the inner motivation to the key-employees, the manager believes the most important incentive is to make the employees feel appreciated and make them know there is a growth potential for them as individuals (Interviewee #1). A general manager explained that the main problem in retaining staff in China was that the top manager did not know how to stimulate the employees (Interviewee #4). Additionally the interviews revealed that there is a cultural problem in the field of motivation. Some western manager finds Chinese workers slow and incapable; because of the limitations in the education system which do not foster creativity and do not make them find their own way around the problem (Interviewee #4). The manager suggests the need to focus on how it is possible to make the workers be motivated to do a better job, instead of copying his western management style. However, some interviewees did not believe there was a big difference in how to motivate Chinese- vs. a western key-employee, “you just treat them as humans, you know what humans want” (Interviewee #6).

In general the empirical findings had a focus on that inner motivation was most important to motivate and retain the key employees (see fig. 6); which support the cognitive motivation theory. One of the other empirical findings was that employees that liked the job itself would not resign as easy as the employees that were too focused on external motivation factors, such as salary, as explained in the summary of findings – Chapter 5. If the management focuses too much on the external motivation and do not make an effort to motivate their employees in other ways this could lead to a higher turnover.

**6.4.2.1 Long-term incentives**

According to Kaufman and Kaufman if you want to retain your employees for as long as possible you should focus on the long-term incentives\(^79\). The most effective incentive according to the empirical findings seems to be to give the key-employees a fair chance for personal development.

A great share of the companies interviewed explained that they offer different types of bonuses, which according to the interviews is a popular incentive in China in general. One manager explained how he supports the education for

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some of his key-employees (Interviewee #6). Offering a company car based on seniority is another incentive that especially many male employees found tempting (Interviewee #17). Additionally, being able to travel and attend courses or work in a western country is something many of the interviewees would like to have implemented.

However, arguing that it is important to have the main focus on inner motivation does not mean that external incentives are not important or necessary to retain the key-employees.

### 6.4.3 Motivation according to Alderfers ERG-Theory

In the in-depth interviews we found that some needs can be activated at the same level and time, and that it is possible to move up and down in the hierarchical system.

The in-depth interviews’ indicate that growth needs; personal development is the most important thing for the key-personnel in Suzhou. Secondly, relation needs were an important aspect for the personnel; specifically the work environment. The third criteria in our empirical findings were salary, which is a very general factor to fill the existence needs. Moreover, the needs for a person do not only change through activity it also changes during a life-time. In a young age the self achievement and development is most important and later on when the life situation changes and the employees get a family, benefits and stability gets more important.

The empirical research indicates that there has been a change of needs for the key-employees in Yangtze delta area. We found that the technical staff and mid-level management have a salary which covers their basic needs. According to the expert interview; there has been a change over the last decades and where there before was focus on salary and money, there is now greater focus on the extra privileges offered by employers, such as training and the possibility to climb a career ladder (Interviewee #5). This gives the impression that the salary is not as important an aspect for motivation as before. Today it is more important to be able to have a personal development and a good work environment.
6.4.4 Motivation according to McClelland

For key-employees and management at LMPRC, each level must be identified to be able to ensure the highest level of motivation. Evaluations should therefore be made as often as possible of the individuals needs for achievement, power and affiliation and furthermore see how it stacks up with the job requirements. 80

High achievement employees will feel satisfied with their work if they have an opportunity to feel part of something that they perceive to be meaningful and worthwhile. According to the empirical findings, 7/16 finds personal development as the most important factor for job satisfaction and motivation.

A person with a high level of power-need will be frustrated and likely frustrate co-workers if put in a bottom position with no or limited opportunity to advance. Some of the internal interviews indicated that there was a desire to be included in the decision making process at an earlier stage. Additionally the empirical findings show that most people need to know that there is room for growth.

A person with a high need for affiliation will quickly become de-motivated if placed alone in a cubicle with repetitive tasks. In LMPRC, the general managers open-door policy and the open office landscape, improve inter-office communication and ensures that people are included. Indeed, the positive work environment was stated by several internal interviewees as a reason for staying in LMPRC.

6.4.5 Meeting employee needs

Despite making sure that all employees’ needs are met, it is perhaps unlikely to expect that every individual in LMPRC will be able to completely satisfy his/her needs on the job.

6.5 P.E.S.T.

Both national and international changes surrounding LMPRC can have a great affect on the HRM situation and how to retain the key employees. An external analysis is therefore needed to develop an effective strategy.

6.5.1 Political Factors

In October 1949 the communist party came in to power in China and Mao Zedong declared the establishment of the Peoples Republic of China. To this day, China is still a one-party system with centralized decision-making. It is therefore very difficult for LMPRC and other companies to anticipate and influence legal changes.

The standing committee of the national people’s Congress has recently passed a new labour contract law. The new law took effect on January 1, 2008 and this outcome affects all businesses in China. The Law is intended to cause employers in China including foreign-invested enterprises, to review and restructure their labour contracts and human resources policies.

LMPRC, as well as some other western companies, already follow the western standard regarding the labour law and did not notice this change dramatically. However, many of the larger Asian companies do not necessarily follow this new law. There have been cases were to avoid the new law, plant owners at Taiwanese and Japanese companies, have been known to bribe governmental officials (Interviewee # 17).

6.5.2 Economic Factors

The economic growth in China over the last period has provoked higher salaries to the employees and raised the cost in production labour.

One of the most essential economical factors regarding LMPRC is the rising salary. Over the last decade there has been a tremendous economical growth in the Yangtze delta area and this is one of the biggest causes for the retention problem (Interviewee #17). As new places of business develop there is also a

83 Why is China growing so fast?, http://www.imf.org/external/pubs/ft/issues8/
rise in the salary in this area. This is also different in the nationalities of the companies, which means there are different economical situations, ethics and standards that have and will have an impact on the salary level. As the number of jobs increase, so do the needs for qualified employees. The higher the need is for this type of personnel, the higher the salary levels will become.\textsuperscript{84}

There is a “price war” with regards to salary between the distinctive countries. As some American companies often pay both their production and key-employees 100% and above the average salary, this is making the wages in this area unstable and uneven. This result in “job hopping” to get the highest salary (Interviewee # 18).

General manager David Warth at Emerson Electric (Suzhou) goes as far as describing the situation as; “\textit{It has gotten to the point that we are just swapping folks and raising salaries}”.\textsuperscript{85}

Another perspective is that many farmers have received compensation for vacating their lands in the Suzhou area. This has lead to a number of families who do not need to work for a company anymore and are able to establish their own shops or small business (Interviewee # 18).

6.5.3 Social Factors

The new generation growing up in China today are referred to as princes and princesses or the \textit{Me generation}.\textsuperscript{86} This generation influence both an economical and social change in the Yangtze delta area, as populations are becoming more urban. The general manager in LMPRC has already discovered this problem. With regards to retaining employees to stay in LMPRC this seams to be more important in the future.

According to the article; \textit{Chinese new generation carry high hopes of nation}\textsuperscript{87}, there is a radical change in what young urban from middle-income families are
looking for. Instead of seeking higher position on the social ladder or more wealth their target is to find their own values and capabilities. For LMPRC’s case this means that the young employees are not looking for the same motivational factors as the previous generation (Interview #18).

The “Me” generation was born in the late 1970s or later, as the first generation born after the one-child policy was put into effect during China’s economic bloom. These people have had a much better material life than their parents during their childhood. The economical lift in China has sheltered them from social disturbance and disasters.

Furthermore this article is focusing on the situation of this generation today. The “Me” generation has reached their 20s and 30s, as they have witnessed China’s economical development, they have become more open to diverse opinions, values and lifestyle. However the biggest change has been in the strong sense of self awareness. This is also evident in the interviews as personal development is indicated as the most important motivational factor. The performance of the young urban population is influencing other groups in all professions and regions.

Young Chinese are striving to set goals in their life. According to a survey done with 10,000 young people in Beijing 84,3 % admitted they were striving to set goals as holding good jobs, paying more attention to the equality of people, harmony of the society, helping disadvantage groups and national prosperity. The new young generation is enjoying an unprecedented happy and peaceful life. They seek more trust, respect, and a voice in social affairs. It is important for LMPRC to be aware of these social changes and be facilitating to new employees.

Through our empirical findings, it became clear that some of the interviewees (both Chinese and western) blame the Chinese school system for the problem with fresh graduates in the workplace. This is a problem on the grounds of the lack of technical workers. One interviewee explained that the graduates need

88 Ibid
experience to become good employees as the Chinese governments schooling policy and standardized testing is inadequate. (Interviewee #8).

As the key-employees receive more salary (discussed under economical factors) they also appreciates more time off from duty and the time with their family has become more valuable. This results in that the key-employees often value the holidays more than a small salary increase.\(^{89}\)

However, whereas much emphasis is put on the younger generation, the authors believe that it is important for LMPRC not to forget the older generation. The Chinese population is ageing, and there needs to be a focus if there is anything specific LMPRC can do to manage to keep their senior key-employees. This group is becoming even more important in the future than they are today. Respect for their experience and knowledge should not be underestimated. On the basis of the development of new work places the recruitment companies and head-hunter businesses has increased dramatically these last years. Different interviews indicate that this has become a big problem in the Yangtze delta area. The internal interviews revealed that employees are contacted near daily by head-hunters. The recruitment companies are not mainly interested in helping their clients to find a job which fit them better, but to earn money on moving them. (Interviewee #8).

6.5.4 Technology Factors
The technology is always changing, especially in the production business. New technologies can even create new products and new work places. If LMPRC is going to be able to produce effective for a competitive price, it is important to have the technology, not only the mechanical but also the human, that can reduce cost, improve quality and lead to innovation.

6.6 Organizational commitment
Greenberg and Baron argue that organizational commitment may be completely unrelated to job satisfaction.\(^{90}\) For example a worker at LMPRC

may like the environment and work place, but dislike the job he or she has to perform. However, it will be argued in this paper that organizational commitment relates positively to a variety of desired outcomes, which include “employee job satisfaction, motivation and performance, and negatively correlated to absenteeism and turnover”.91

Firstly the authors have examined the continuance type of commitment. This refers to a person’s desire to stay in a job, due to the employee’s belief that it may be costly to leave. According to this theory the longer the employee stays in a workplace, the more difficult it becomes to resign. The reason for this is because they stand to risk what they have invested in the organization over the years; this may be the extra benefits or close friendships to colleges. The empirical findings indicate that several employees were being offered jobs by head-hunters. However, they were reluctant to accept these job offers, because of what can be defined as continuance commitments. Some feared that they would not fit in to the new workplace if they changed jobs. On the other hand some of the employers did not feel threatened by these head-hunters because they felt that their employees were loyal.

The second type of organizational commitment is recognized as affective commitment. When the employees feel an emotional attachment to-, an involvement in-, and they identify with the organizations underlying goals and values they have an affective commitment.

LMPRC vision is to “help save lives”. The interviews asked several employees if the agreed with their company’s vision, both those working for LMPRC and other companies. However, the general experience was that the employees did not know the companies vision. It is interesting that in a research by Manpower, they found that Chinese most prefer working for an organization that has a distinct work culture and values. They argue that it is the

organizations responsibility to communicate this as clearly and simply as possible.92

The third type of organizational commitment is normative. This type of commitment “refers to employees’ feelings of obligation to stay with the organization because of pressure from others.”93 Employees in this situation care greatly about what others think of them if they would leave. In many of the interviews employers revealed that the employees were loyal to them and not the company. Some of the employees expressed that they would leave if the manager left his or her job. One of the interviewees (Interviewee #3) put this in plain words by explaining that his manager is the one that offers the opportunities. If he left, there would not be an opportunity for further development, and therefore he would also leave. Furthermore, one of the general managers interviewed, who is of Chinese origin, (Interviewee #4) explained that one has to keep in mind that most Chinese people do not get attached to the job. Rather they form a close relationship to their supervisors and colleagues.

6.6.1 Organizational Commitment in the Yangtze delta area

According to Hammerstrøm and Lunnan who have studied how to motivate Chinese workers in Norwegian companies, there are two types of commitment:

The first one they refer to is “social commitment”. With this they mean creating a friendly and open working environment. According to them this is achieved through social events and a policy of including families. In one of the companies they observed that the “employees had a strong sense of “we” identifying with the company and “they” denoting competitors”.94 They argue that by creating this strong social environment, the firm studied has managed to reduce turnover.

93 Greenberg Jearald and Baron A. Robert, Behavior in Organizations, (2003):163
The second type of commitment they observed is referred to as “professional commitment”. Their research identified some interesting aspects during the interviews. Some employees “explicitly stated that they identified with the company because of work practices they could identify with and preferred over practices in other firms.”

The findings in the research conducted by Hammerstrøm and Lunnan are in many ways similar to the ones found for this paper; findings that engaged and satisfied employees indicate a higher level of commitment.

In a research conducted by Manpower it is argued that “employee engagement is a critical measure of the connection between the employee and the organization”. Employee engagement is defined as both the emotional and intellectual involvement in contributing to the success of the organization, and the organization itself. It is also stated in the report that “engaged employees share a common set of attitudes and beliefs which, taken together, reflect a vital aspect of organizational health.” In the same research they identified the drivers that had the most significant and positive impact on employee engagement: i) linking the employees work objective to business goals. ii) ensuring that the workers have confidence in the senior leaders capability to make the organization successful. iii) providing a benefit package/ compensation that are competitive. iv) Ensuring that immediate managers give employees ongoing performance reports.

During the research the management in LMPRC and other companies were asked about how they included their employees in the company vision and values. This can be referred to as the socialization process, in which new members acquire the corporate culture and become acquainted with the values and behaviour that are expected in the workplace. It is common to use social events to strengthen the ties between workers and the company. All the companies interviewed arranged social activities for their employees to different extent. However, in some of the cases the managers did not

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95 Ibid
97 Ibid
98 Ibid
participate. In addition many of the companies organized trips, and the employees could bring their spouses and children.

Even if LMPRC has implemented efforts to retain employees, some things are outside their sphere of control. According to Greenberg and Baron organizational commitment is likely to decrease when the economy is such that employee’s opportunities are plentiful.\textsuperscript{99} However, although LMPRC can not control the external economy, there are several efforts that can be implemented to make the employees want to stay. This involves enhancing the affective commitment, and will be further discussed in the strategic proposition.

6.6.2 Loyalty to organizations
In this section the commitment towards top management and supervisors will be analyzed.

Chen, Tsui and Lih conducted a research where they analyzed the concept of commitment to supervisor and its effect in China; a culture in which they describe loyalty to a person as more important than loyalty to an institution.\textsuperscript{100}

If you compare the west and China, you will find that the employees have different perspectives on what makes a good leader. In China the employees expect their leaders to be humble and modest. While the western employees expect their managers to be bold, and that they retain strong central control and have a risk-taking character. In addition the western anticipate to be empowered by their leaders. In China managers are generally highly respected, and are traditionally bestowed parent-like attributes.\textsuperscript{101}

In China it is not uncommon that workers seek advice from their supervisor, and white-collar workers might expect to be coached by their boss.\textsuperscript{102} Commitment to the supervisor could be the most important factor for

\textsuperscript{99} Greenberg Jearald and Baron A. Robert, Behavior in Organizations, (2003):164
\textsuperscript{102} Ibid
employees. The supervisors act as an agent of the organization, in addition to interacting with the employees on a daily basis. The supervisor enacts the informal and formal procedures of organized activities. Moreover the supervisor serves as an administrator of rewards to subordinates.\(^\text{103}\)

Chen, Tsui and Lih also argue that since Chinese society is relationship-oriented, loyalty to other people and in particularly supervisors, may have a special meaning and importance. In the research conducted for this paper it was found that several of the general managers knew that their employees were loyal to them and not the company. In the research by Chen, Tsui, Lih it is claimed that employees that are loyal to their boss, have a tendency to be conscientious, passionate about their work and willing to comply with the supervisors’ decision. Chinese employees are more engaged than employees elsewhere and show a high level of commitment.\(^\text{104}\) This may be explained by cultural factors; traditionally “the Chinese have been loyal to their employers and emotionally still feel a sense of commitment, even though the days of a job for life, known as the “iron rice bowl” in China, are long gone.”\(^\text{105}\)

### 6.7 V.R.I.O. Analysis

In this analysis it will be argued that a company holds certain assets; in this case, the employees and their characteristics which can lead to a sustainable competitive advantage. The V.R.I.O. framework will be used as a summary of the analytical findings.

#### 6.7.1 Value

According to Beardwell, Holden and Claydon one “need to know which human resources contribute the most to sustainable competitive advantage in the business, as some human resources may provide greater leverage for


\(^{104}\) Ibid

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Bachelor Thesis BI & Fudan, 2008

competitive advantage than others.”\textsuperscript{106} Although all employees at LMPRC are identified as important, this paper has defined managers and technical staff as key employees and as someone who brings value to the company. As explained earlier these employees are difficult to replace and other companies try to poach them. Additionally it is also important to note that the general manager at LMPRC is a critical factor for keeping key-personnel.

There is a shortage of talents in middle and senior management level. This is because of the rapid economic growth and the explosion of foreign business in China. For companies that can not find and keep the right people, this is putting a halt on their business growth.\textsuperscript{107} Hammerstrøm and Lunnan argue the same by stating that China is in short supply of skilled workers, despite its huge labour surplus. They argue that “the educational system, poor English skills and people’s lack of experience with foreign business makes the competition for skilled labour harsh.”\textsuperscript{108} This is why it is critical for LMPRC to retain its valuable employees that have the right characteristics. These employees add value to the company and differentiate LMPRC from competitors.

6.7.2 Rarity
LMPRC has valuable resources in their key personnel, but key personnel are not an exclusive resource. Even if there is a shortage of qualified staff in the area, they do exist. Thus key-personnel as such do not give a clear competitive advantage for the company. The interviews indicate that a positive relationship with the manager is one of the most important factors for staying in the company. Furthermore, the interviews indicate that the reason for leaving previous position was a negative work environment and a poor relationship with colleagues and managers. Having a charismatic, positive general manager can be seen as an important and critical resource for LMPRC that can lead to a competitive advantage.

6.7.3 Inimitability
The third element of the V.R.I.O. framework is inimitability. This has reference to the requirements that Human Resources "develop and nurture characteristics that cannot be easily imitated by the organizations competitors". They continue by explaining the significance of a "social complex phenomena". By this they mean that an organization can take advantage of their unique history and culture, giving them a competitive advantage. LMPRC is a company that has such an advantage. They have a unique vision which states that, "No one should die or be disabled unnecessarily from sudden illness or trauma.” and a slogan saying "helping save lives”. This may give the employees a sense of doing something important and contributing to the society. In addition LMPRC show a special responsibility towards their employees; in including them into the “Laerdal Family”. The companies values and work atmosphere is unique and difficult for others to copy. The company philosophy is emphasized by the general managers’ actions and how it is implemented in the organization.

6.7.4 Organizations
To make sure that Human Resource functions can enable a sustainable competitive advantage "the VRIO framework suggests that organizations need to ensure that they are organized so that they can capitalize on the above, adding value, rarity and inimitability." This requires that LMPRC ensures that their policies and practices, within the HR functional areas are coordinated and consistent, and not contradictory.

The internal interviews revealed that LMPRC may not be completely consistent in its communication to employees. Whereas the company claim to practice an “open-door” policy, employees do not always feel that their suggestions and comments are valued by the management. Additionally, employees interviewed indicate that they would like to be included in the decision making process at an earlier stage.

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110 Ibid: 53
111 Ibid: 53
7. Strategic Recommendations

This chapter will present suggestions for solutions on how LMPRC can retain their key-employees. The suggestions will be based on applied theory, our empirical findings and the previous analysis.

7.1 SWOT – analysis

In order to diagnose LMPRCs external and internal environments a SWOT analysis has been performed. The SWOT analysis summarizes the main strategic issues that have arisen from the previous analysis. The SWOT analysis in this paper is used with a focus on retention and HRM and is weighted with the HRM issues in mind:

![SWOT framework](http://www.quickmba.com/strategy/swot/)

Fig: 8, SWOT framework

In order to weight the SWOT analysis we have defined five criteria:

5= Major strength
4= Medium strength
3= Neutral
2= Medium weakness
1= Major weakness

The letters refer to the factors place in the SWOT matrix. (Appendix 7)

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## 7.1.2 Weighted SWOT

**Score for Importance LMPRC**

<table>
<thead>
<tr>
<th>Importance</th>
<th>LMPRC</th>
<th>STRENGTHS</th>
</tr>
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<tbody>
<tr>
<td>4</td>
<td>5</td>
<td>a. Charismatic general manager</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
<td>b. Western general manager</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>c. Corporate culture, LMPRC Vision and values</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>d. Positive and visible profile</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>e. European medical company</td>
</tr>
<tr>
<td>5</td>
<td>4</td>
<td>f. Location in an attractive area</td>
</tr>
<tr>
<td>5</td>
<td>4</td>
<td>g. Growing company, new work positions</td>
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</tbody>
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<tr>
<th></th>
<th></th>
<th>WEAKNESSES</th>
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<tbody>
<tr>
<td>3</td>
<td>2</td>
<td>h. Loyal to general manager – not to Laerdal</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>i. Difficult to replace general manager</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>j. Limited official retention policy</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>k. Centralized decision making</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>l. Insufficient growth opportunities for some employees</td>
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<tr>
<th></th>
<th></th>
<th>OPPORTUNITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>3</td>
<td>m. Market growth in the Yangtze delta area</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>n. Industrial park Cluster benefits</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>o. More university graduates</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>p. Increased focus and research on Chinese HRM</td>
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<tr>
<th></th>
<th></th>
<th>THREATS</th>
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<tbody>
<tr>
<td>5</td>
<td>1</td>
<td>q. Increased competition over limited skilled human resources</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>r. Maximized capacity in the Suzhou area</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>s. More demanding employees causing higher salary levels</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>t. Political changes</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>u. Generational change</td>
</tr>
<tr>
<td>5</td>
<td>2</td>
<td>v. Head-hunters</td>
</tr>
</tbody>
</table>

Fig. 9: Weighted SWOT

See appendix 7 for weighted SWOT matrix.
7.1.3 SWOT- Elaborations

- Internal:

**Strengths:**

a) The General Manager of LMPRC is charismatic and experienced leader. He has leadership commitment and enthusiasm.

b) Western managers are often sought after amongst Chinese workers.

c) LMPRC’s positive corporate culture comes from the organization’s history, its defined values and vision as well as from the general manager. The Laerdal Family is a strong and important notion that promotes loyal employees.

d) LMPRC has a positive profile and is a well known brand. Its visibility in the area helps attract new employees.

e) Potential employees generally prefer working for European companies. Companies in the medical sector are preferred.

f) LMPRC is located in the first established area of Suzhou New District and is thus relatively centrally located. Potential employees will not have to travel too far out of the city to go to work.

g) LMPRC has a policy of promoting internally before searching for other eligible candidates outside the organization. There is a growth potential for employees in the organization.

**Weaknesses:**

h) Employees seem to be generally too loyal to the General Manager rather than to the LMPRC.

i) General Manager of LMPRC is difficult to replace. No one is groomed to take over the position. The corporate culture is defined by the managers actions.

j) LMPRC has a limited official retention policy.
k) Employees are not involved in decision making early on. Centralized decision making.

l) LMPRC is not able to offer enough opportunities for growth for some employees. Recruiting management personnel restricts just how far they can reach in a company.

- External:

**Opportunities:**

m) There are growth opportunities for the company. Yangtze delta area is a market in great growth with increased urbanization.

n) LMPRC can reap cluster benefits. Many of their suppliers are located in the same industrial park or elsewhere in Suzhou. Employees’ skill levels and knowledge of products can easily be upgraded.

o) An increasing number of people are graduating from Chinese and international educational institutions. The skill and pre-training of workers are likely to rise.

p) Retention and other HRM issues have received increased focus and interest lately. Possible solutions are sure to be developed.

**Threats:**

q) LMPRC will have to fight over limited resources, primarily qualified employees, as the competition increases. There is still a limited supply of qualified personnel.

r) Possible limit reached for Suzhou’s capacity for new businesses. Companies and employees may be leaving the area in the not to distant future.

s) Employees know that they are in demand and are beginning to be more demanding themselves. Salary levels are rising rapidly as a
consequence of employee demands and partly the American “Hire and Fire” system.

t) China is still a developing country with a communist government. Political changes, such as changes in labour legislation, may suddenly alter the playing field for LMPRC and other businesses by increasing their costs or limiting their access to qualified personnel.

u) The new generation of workers are not prepared for work. The “Princes and Princesses” of China’s one-child policy and economical growth, has no concept of organizational commitment like the older generation who has all worked for SOE’s.

v) Head-hunters are constantly attempting to lure employees with increased salaries and better benefits.

7.2 Strategic Problem Definition

Laerdal Medical (Suzhou) Co., Ltd. faces grave challenges with regards to an expected higher turnover in the Yangtze delta area due to an imbalance of supply and demand of qualified personnel. Based on this information we have formulated the following strategic problem definition:

**How can LMPRC retain its key-personnel through their strong corporate culture and improve the internal growth opportunities, to meet the needs of an increasing number of skilled professionals and make use of its corporate culture to distinguish the company over other competitors?**

7.3 Strategic Goals

Based on our strategic problem definition we have formulated long-term and short-term goals for LMPRC. Because of the rapid changes in China both economically and in the field of HRM, it is difficult to make clear estimates
over what constitutes short and long term. Even experts like Fudan professor Zhou Dunren are reluctant to predict more than five years into the future. 113

Long-term goals are visions for the future, whereas short-term goals indicate how we intend to reach them. The following strategy recommendations will be formatted in accordance with the goals and the critical success factors:

- Short-term goal: Knowing what motivates every employee and through internal interviews develop individual career plans.

- Long-term goal: Develop individual solutions and implement a functioning retention strategy.

7.4 Critical Success Factors

This paper does not concern itself with the general business of LMPRC, but has focused on retention and HRM. Therefore, the critical success factors indicated here, refer to what is most important with regards to retaining key-employees and other issues related to human resource management.

We have formulated the following three critical factors for success:

- Management

The management Critical Success Factor defines how the organization will approach its employees and work on the human capital development. This includes motivational tools and how employees are made loyal.

- Talents

The Talent Critical success factor concerns how the organization identifies and develops the potential talents. Qualified employees are hard to find and difficult to replace. Generally, the organization does not have enough money to develop all of its employees and the investment must be protected.

113 Chinese Political Economy, Professor Zhou Dunren, September 2007
Motivating and retaining key-employees

- Organizational commitment

The organizational commitment success factor indicates how committed employees stay with the organization and perform better. The stronger the bond between individuals and the organization, the harder it is for competitors, disloyal mid-level managers, or head-hunters, to poach these individuals.

7.5 Short-term strategies

The following section attempts to present some suggestions for how to reach short-term goals. For the purposes of this paper, we have defined “short-term” as 0-2 years.

7.5.1 Suggestions on how to create motivated employees

Motivated employees will generally stay in a company. However, it is important to be aware of the differences, as Herzberg and indeed this paper have pointed out, of true motivational factors and hygiene factors. To best retain employees in LMPRC tailor-made solutions must therefore be developed for individual employees.

Salary and value based remuneration, hygiene factors, has to come first. If employees believe that their basic needs are not being met, any incentive scheme to drive motivation will be futile. As this paper has discussed, it is a mistake to assume that “throwing money” at employees makes them stay. A fair and equitable remuneration scheme must be in place, before LMPRC can start considering offering other benefits. To achieve lasting and efficient motivation in its employees LMPRC should tap in to the emotive and less rationale drivers that we all have inside ourselves.114

The interviews indicated that the primary motivator for key-employees is opportunities for personal development. Based on this result, LMPRC should create long-term plans and career goals for each individual key-employee. Employer policies and training programs play a critical role in employee retention and engagement in China. Setting a clear career path for employees

and identifying specific promotion criteria will help inspire staff. Allowing employees to set their own development objectives will motivate them to take the initiative for their own development.

A motivated employee wants to contribute to work areas outside of his specific job description. Identifying “diamonds in the rough”, those who could contribute more than their current job requires of them, would not only help retention, but could increase productivity. Managers at LMPRC should spend more time with employees and find out their skills, talents, interests and experience to better create tailored solutions and develop them into key-employees.

Managers should make an effort to engage employees in the ongoing success of the business. By breaking down the strategic objectives of the company, individuals can understand which part they play in the future of the business. During the interviews employees expressed a desire to be more included in the operations of the business. However, in order for this to be successful it requires a manager with knowledge of how to effectively communicate the proposition. LMPRC’s current manager is respected by employees and is believed to have this skill.

In the research for this paper, in interviews and in articles, it is being argued that the best motivator of all is being friendly and “human”. The “Golden Rule” of Do onto others as you would have them do onto you is a powerful motivator. A simple thing as frequently saying thank you goes a long way.

### 7.5.2 Enlargement, Rotation and Enrichment

In order to retain key-employees in LMPRC, management should focus on rearranging work so that motivator factors can take effect. Herzberg suggests three ways in which this could be done:  

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115 Ibid
• Job enlargement

Management at LMPRC could try to offer the employees a wider range of tasks to perform to alleviate repetition and monotony. One negative aspect of this is that it may be perceived by the employees as if they are given more work for the same amount of pay. Inventing new job titles could alleviate this.

• Job rotation

Another effort could be to circulate the employee through a range of different jobs in order to increase interest and motivation. Job rotation may be one way to prepare key-employees at LMPRC for other positions in the company. However, it may also reduce productivity as employees will initially be unfamiliar with the new tasks.

• Job enrichment

To make the key-employees in LMPRC feel less dissatisfied through a lack of challenges, repetitive procedures and over-controlling management, management at LMPRC can improve work processes and environments. The three following stages can help developing job enrichment for employees at LMPRC:¹¹⁷

Firstly, turn employees’ efforts into performance, by: i) creating well defined objectives and making sure that they are understood by everyone involved. Make each key-employee understand where they fit into the overall process and make them aware of how important their contributions are to LMPRC. ii) Provide adequate resources for each key-employee to perform well; such as training, development and up to date information technology. iii) Create a supportive corporate culture, including peer support and an encouraging management. iv) Make sure that there is a free flow of information. v) Create freedom for key-employees to facilitate job-excellence by encouraging and rewarding employee initiatives and by offering flex time or compressed hours. vi) Provide adequate recognition, appreciation and other motivators as

¹¹⁷ Ibid
identified in this paper. vii) Offer skill improvement opportunities by offering sufficient training. LMPRC can also; viii) Provide job variety by opening for job sharing or even job rotation programs.

Secondly, management at LMPRC could link employee’s performance directly to a reward, by: i) Having clear definitions of the rewards. ii) Clearly explaining the link between performance and reward. This is particularly important in China. iii) Make sure that the key-employees get the right rewards if they perform well. Broken promises can be extremely demoralizing. iv) If no reward is given it is necessary to explain why.

Thirdly, make sure the employees actually want the reward by: i) asking them directly or ii) using surveys.

7.5.3 What to offer?
According to a Mercer Human Resource Managements survey of 114 companies in china 83% of surveyed organizations said that they offer healthcare and related insurance. 41% provide health and fitness plans and 24% offer flexible working hours. Just 21% offer supplementary pension plans and 10% provide subsidized loans.\footnote{Multinationals find staff retention in China a growing problem, www.fabtech.org, 2006} Offering staff overseas assignments is deemed the most effective tool for developing employees' careers, although only 42% of organizations provide such opportunities. Individual career development plans, offered by 51% of companies, are also believed to be effective. In contrast, mentorship programmes are considered relatively ineffective and are offered by just 26% of companies.\footnote{Ibid} Despite of this information, this paper has advocated a mentor program for LMPRC because we believe that such a program would alleviate the transitional period after department managers leave. One method of doing this could be to identify employees with management potential and give them the chance to take a leader-role on assignments in order to let them develop the necessary skills and experience to become qualified managers. Interviewee #16b explained that as long as key personnel were made familiar with other divisions than their own, turnover would not be a problem. In fact, the departure of middle managers...
should be seen as an opportunity to restructure and increase efficiency in the whole organisation. Provide opportunities for people to share their knowledge via training sessions, presentations, mentoring others and team assignments. Demonstrating a willingness to invest in staff, be it through increased responsibility or through overseas training, can prove worthwhile in retaining key-employees.

With regards to training, LMPRC’s options range from basic language and software training to all-expenses paid MBA programs at internationally renowned business schools. The key here is to match the training investment, the development potential and the seniority level of individual employees. Training should support employees in their professional or even personal career, thus motivating them to reach higher management positions in the organization. One suggestion is to require at least three years of service to a company before offering opportunities for an MBA. The offer should come with a contractual engagement from the employees of at least three years additional service. If the contract is broken by the candidate, he or she should reimburse the costs of the training.

An interesting inexpensive alternative to constantly giving employees bonuses and raises is to supply them with the latest technology gadgets. iPod’s, mobile phones and laptops attract attention and envy from colleagues and friends and can prove very effective.

### 7.5.4 Career development

The interviews indicate that it is important for LMPRC to make sure that there is sufficient career development for its key-personnel. This can sometimes lead to competent workers feeling that they are working under a glass ceiling.

LMPRC should emphasize that their employee achievements can lead to promotions and self development in positions with higher salary and more power. LMPRC must in this scenario establish promotional standards which are made clear for the employees and published in internal news-letters and regular staff meetings.

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120 Employee Retention, [www.fiduca-china.com](http://www.fiduca-china.com)
A method for promotion is to appoint excellent employees as “special project leaders”, allowing them to experience managerial jobs. This will identify those who have potential to rise to higher positions and will generate a sense of responsibility in the employee.

Instead of implementing new and general training on an equal level for all employees, LMPRC should focus on providing vocational training, directed at specific positions. Career development opportunities should be achievement based to better motivate the employees. LMPRC need to develop techniques in order to evaluate which employees need more training and development and how to reward in the most suitable way.

Performance management can help the employees perform as well as possible. To assist LMPRC with improving their performance management, we suggest looking closer at the following four criteria: i) Identify what the employee should achieve, giving them clear performance criteria, goals and objectives. ii) Focus on results, performance discussion and constructive feedback. iii) Determine what kind of training is needed for the employee to complete the objective though personal development talks. iv) Make sure that the reward is adequate.

See appendix 8 for how California State Polytechnic University has suggested an individual career development plan.

7.5.5 Corporate Loyalty
The interviews indicated that employee loyalty lies firstly with the general manager. This is not exclusively for LMPRC, but a natural development of a charismatic leader on impressionable, young employees. For the general manager this is likely not a problem, but corporate headquarters may be disgruntled by this. Employees’ loyalty should lie with the company and not with individual persons. This is extremely difficult to control however, as employees will naturally relate to what and who they see on a daily basis. People leave managers and supervisors more often than they leave companies or jobs. Based on this finding we suggest that LMPRC should focus on creating

a stronger corporate loyalty, rather than simply a managerial one. It is not enough that the supervisor is well-liked or a nice person, the supervisor has a critical role to play in retention. Anything the supervisor does to make an employee feel unvalued will contribute to turnover.

One way of promoting loyalty to the company is to nurture and celebrate organizational traditions. Already LMPRC is doing much to create a family bond with the company, such as the collage of all employee children in the company cafeteria, but more can be done to fortify the spirit of Åsmund Lærdal, the company founder. In tradition with its humanitarian efforts, LMPRC could arrange for employees to pick a monthly charity to help. Make the employees pick the charity, domestic or international, and let some take responsibility of informing and collecting for it. Creating awareness of humanitarian relief could even help LMPRC’s image in the community as a caring and nurturing employer.

Team-building events and social gatherings will generally draw people closer together. Encourage employees to make friends in the company. A friendly atmosphere must be created also without the general manager present so that employees’ positive associations are turned towards the company and the physical workplace.

7.6 Long-term strategy
The following section will offer suggestions for how to reach long-term goals. For the purposes of this paper, we have defined “long-term” as 2-5 years.

7.6.1 Implementing Organizational Commitment
Employees that are committed are willing to make sacrifices for the organization. This means that the committed personnel demonstrate a greater motivation to share and make the sacrifices required for the organization to succeed.

According to Greenberg and Baron, there are four suggested measures to
enhance organizational commitment: 122

- **Make the job interesting and give people responsibility**
  We recommend that LMPRC offer their employees more empowerment to the extent it is possible. If the employees feel that they have a good chance to take control over the way they do their job, they should be recognized for doing so. We advise that LMPRC involve the employees more, and encourage them to develop confidence in their own capability. These measures could be implemented to make employees highly committed to the organization. Although employee involvement may not be the solution for all commitment problems, it has been highly effective in some cases.

- **Align the company’s interests with the employees**
  To make sure that the company’s interests align with the employee’s we recommend that every time LMPRC reaches certain given goals, they should give something back to the employees; either in form of bonuses or in the form of social benefits and services.

  Furthermore, we suggest that when considering what is important for the staff, LMPRC must take the age into consideration. The reason is because in general most young people are focused on cash. While family benefits and job stability are more important for the older employees.

- **Recruit new employees whose values closely match those of the organization.**
  One effort LMPRC can implement to source candidates is internal referrals. This can be an effective and cheap way to acquire new employees. After the new recommended employees have showed their efforts, performances and loyalty, those recommending should be rewarded. 123 Another suggestion is the 360-degree interview. This is an excellent way to ensure that the candidate fit the company culture. “Besides the interview with HR and the direct boss(es),

122 Greenberg and Baron, Behaviour in Organizations (2003):164-166
123 Fernandez and Liu, China CEO, (2007): 38
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"candidates can be interviewed by future subordinates and peers."\textsuperscript{124}

We would also like to highlight the importance of employing the right leader. Leaders in which the employees believe and leaders that are competent and give the employees direct feedback. Those with this type of characteristics will possibly strengthen employees’ engagement.\textsuperscript{125} Furthermore, we recommend carrying out reference check. This is particularly critical in China, were it is common with fake certificates and inflated achievements.\textsuperscript{126}

- **Listen to your employees**

Listening to the employees is probably the most effective and least expensive way to enhance organizational commitment.\textsuperscript{127} Although the manager at LMPRC practices an open-door policy, interviews indicate that there is a feeling of lacking communication and involvement in the decision-making process. It is important that the management improves the two-way communication and takes suggestions under serious advisement. Katherine Deng works as an HR manager in China and she advices companies that wish to create an attractive work environment to “enhance mutual communication by delivering company news/strategies, etc. and provide a platform to let employees freely communicate opinions and ideas to executives. It is essential to always communicate openly and honestly”.\textsuperscript{128}

7.6.2 Corporate Image

Corporate image refers to how a company is perceived. Research has proven that a company’s image is strongly related to people’s interest in wanting to work there. It has been found specifically that if the companies’ reputation is considered more favourable, the more interested prospected employees are in

\textsuperscript{124} Ibid: 38
\textsuperscript{125} The China Talent Paradox, \url{https://portal.manpower.com/wps/wcm/resources/file/eb466703c54a3b9/China%20Paradox.pdf}
\textsuperscript{126} Ibid
\textsuperscript{127} Greenberg and Baron, Behaviour in Organizations, (2003):166
\textsuperscript{128} The China Talent Paradox, \url{https://portal.manpower.com/wps/wcm/resources/file/eb466703c54a3b9/China%20Paradox.pdf}
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working there.\textsuperscript{129} To attract the right employees it is critical for LMPRC to send out signals to the right candidates. One way of doing this is by leveraging on the corporate brand. It is a well know reality that Chinese people value public image. Multinational companies that are well known have fewer problems attracting good employees. While small and medium-sized companies have a harder time.\textsuperscript{130} LMPRC has a favourable position in this case, for the reason that they are a medical company. During the interviews we got the impression that medical companies hold a high position in China.

According to Greenberg and Baron there are two things that influence a company’s image. Firstly the amount of information that people have from the recruitment ads; this is because the ads emphasize the benefits of the employment with the firm. Long ads are preferred since they describe more benefits. Internal interviewees indicated that potential employees are drawn to LMPRC as a medical company. This is something that LMPRC should take full advantage off and specifically design their recruitment ads to focus on the company’s business. Secondly, LMPRC should take advantage of positive annual reports, as these reports enclose information that can help shape the image of the company, in both the mind of the employees and potential employees.\textsuperscript{131}

LMPRC is a relatively small company in China; in addition it is a production company, making it hard to develop a well-known brand. That is why Laerdal should focus on their target group; people that they wish to attract to the company, and build their image in this group. Efforts listed in China CEO are granting scholarships to students, offering internships, and giving executive speeches in schools. Lastly they suggest that companies should participate in research programs and case studies conducted by for example universities and research institutions.\textsuperscript{132}

\textsuperscript{129} Greenberg and Baron, Behaviour in Organisations (2003): 53
\textsuperscript{130} Fernandez and Liu, China CEO, 2007:38
\textsuperscript{131} Greenberg and Baron, Behaviour in Organisations (2003):54
\textsuperscript{132} Fernandez and Liu, China CEO, 2007:38
7.6.3 The Talents of Tomorrow
LMRPC has already had experience with the “princes and princesses” of the new “Me” generation. The belief that this is going to develop further in the future is an essential part to focus on. (Interviewee #18) “These young people are seeking a society with more humanity, democracy and fairness. They feel the ultimate target is to find their own values and capabilities, instead of seeking higher positions on the social ladder or more wealth.” Based on this we believe that there needs to be a new strategy to reach the new generation.

- Inclusion in decision makings

At LMPRC, the general manager has experienced that young, new employees are asking to be included in the business of the company. To facilitate the new and more demanding employees, LMPRC should implement a less clear hierarchical structure and include personnel in decisions that involve their positions. This is a process that should be implanted over a long perspective with close attention from the management.

- Work Teams

LMRPC could organize the work around teams and processes rather than specific functions. This makes the employees able to be a part of the whole process in the organisation; as quality control, cost controls, requisitions, orders and organisational improvement. The organisation would become more boundless, which means that the typically separate organizational factors are reduced and made more permeable. Employees’ future job description will be more inclusive and may change every day.134

- The “New” Pay

The new generation is focused on fairness which in job connection often is related to salary. Many companies have already started to focus on paying their employees by their contribution, encouraging involvement and commitment,
and reward positive results. This is a way to make the employees in Laerdal more focused on working than just being in the office.

- Flexible Work Arrangements

LMPRC has already implanted flexible work time for some of their staff as mentioned earlier. There is more that can be done regarding flexible work arrangements in LMPRC to give this generation the independency and self focus they are seeking.

- Flexible location

Employees are allowed and encouraged to work from home or in a satellite office closer to home. Telecommunication with video display and telephone lines can complete the home office. Although perhaps too costly, this can be a good strategy as it is getting increasingly harder to find well educated people in Yangtze delta area. Indeed, it may be worthwhile to consider recruiting personnel from other areas, whose functions, such as IT personnel, are not necessary to be physically located at the plant. This would only be applicable for those employees that are not needed to be at the plant at any given time.

- Work Sharing

As the focus has been changed from earning as much money as possible and working hard to enjoying life and having more time off, it is worth considering if it is possible to split one position between two people. Some people might be attractive for the company, but are unwilling to forsake family life for their career.

135 Ibid:419
138 Ibid
8. Conclusion

In the autumn of 2007, we met with the management at LMPRC to discuss the aim for the research. It soon became clear that the company was interested in having a better knowledge of how to define and retain their key-employees. Based on this, we have through relevant theories, analysis and qualitative data, tried to gain relevant information to answer the aim for this research:

How can Laerdal Medical (Suzhou) Co., Ltd. retain its important/critical employees in the changing economy around the Yangtze delta area? Suggest who the most critical/important personnel at Laerdal (Suzhou) are.

We had little prior knowledge about the subject at hand. To increase our knowledge about the subject, relevant theories were gathered and a qualitative research was conducted. After a close examination of the gathered data and relevant theories, a strategic problem definition was formulated:

How can LMPRC retain its key-personnel through their strong corporate culture and improve the internal growth opportunities, to meet the needs of an increasing number of skilled professionals and make use of its corporate culture to distinguish the company over other competitors?

Based on the strategic problem definition we have tried to offer some strategic recommendations for LMPRC.

From the qualitative data gathered the authors learned that there was not really a retention problem in the district. In fact it was even argued that some turnover was necessary for the company. In this paper we have not looked at production staff as it is clear that for some companies, attracting production personnel is not difficult. However, retaining qualified, key-employees, is of critical importance and it is important to consider that this could be a problem in the future.

Secondly, the empirical findings revealed that salary was not as important for the key-employees as first expected. In-fact employees were willing to accept a
lower salary level if they were given opportunities for personal development and career growth.

Thirdly, LMPRC has an advantage in the fact that they are a European manufacturer of medical goods with a clear slogan and vision. This helps them attract and retain their employees. The corporate culture, and the company’s charismatic manager, seems to be a very important factor for employee motivation and retention.

Employees want to feel important to the company they work for and they want to be rewarded for staying. A comprehensive package including, training, defined goals, competitive wages, insurance benefits and/or housing allowances is arguably one of the most successful methods for staff retention. Showing employees that you are willing to go the extra mile might just be the key to keeping staff happy and loyal. Followed by evaluations and follow-ups where turnover data is reviewed regularly, will ensure that LMPRC has done as much as they can to retain their employees.
9. Discussion

9.1 Criticism
Writing this paper has been an instructive experience, as this is the first academic paper the authors are writing on behalf of a company. As far as we can see, learning by doing is the best experience. In retrospect however, it is clear that there is some things that could have been done differently throughout the work on this paper.

Firstly, LMPRC already has a good HRM policy, they are aware of the growing problem and they make a great effort to take care of their employees. According to this we found it quite difficult to come up with new good suggestions to improve their situation regarding the retention problem. We could perhaps have spent more time in the start to gather more information about LMPRC in general to have more numbers and concrete information of what they already are doing with regards to retaining their key-employees. On the other hand, by not having this information we could be more creative and not work on something they already are doing.

Secondly, when writing an academic paper there are some restrictions that naturally follow the format and which sometimes made it difficult to examine the bigger picture; as perhaps LMPRC were initially interested in. Because of this, our research aim changed a few times over the course of our work and may have periodically led us to focus on the wrong aspects. However, this is a part of writing a diploma thesis and a method to find the most essential approach to the problem.

Thirdly, the questionnaire had to be changed some times during the interview period to get the correct information regarding our approach to the problem. The questionnaires could perhaps have been developed more over the course of the research, as they are formulated primarily for our original research aim.

Fourthly, we have no way of knowing, whether or not the information offered by the interviewees is truthful. We have tried to apply secondary data to our
own empirical findings to determine validity. More objective expert interviews could have been conducted to determine the real situation.

Finally, there is much second hand information concerning the retention problem in China. It is important to note that most information available do not distinguish between production personnel and defined key-personnel. As such it has been difficult to find relevant information pertaining only defined key-employees.

9.2 Suggestions for Further Studies
Because of time and resource limitation on this paper, there have been some interesting topics which have not been discussed by the authors. To be able to closer identify and evaluate the retention situation for LMPRC there is still some areas that need to be investigated further.

From the author’s reference, the following topics are suggested for further studies:

- Production staff
  The production staff is an important part of almost every company placed in the Yangtze delta area; as the main part of the enterprises here are manufacturing companies. This paper has not examined the work conditions for production staff, nor what motivates them. In order to get a clearer internal strategy for motivating employees, all employees should be considered. A company is only as strong as its weakest link.

- Stagnation
  What impact would a dramatic stagnation in the Chinese economical development have for the retention problem on key-employees? There are different views on how long the economy would keep growing in China. Many experts in this area think there would be a further development the next five till ten years, but they are worried about external factors as inflation and an unstable political situation can stop the further development of the economy.

- Retention Problem
Is there a retention problem among key-employees? The research for this paper indicated that most high-level employees were loyal to their companies. Most managers interviewed claimed that retention of staff is not actually a problem at all. We cannot be sure if these claims are truthful, or offered to provide a false positive image of themselves and the company. More in-depth and anonymous research is required to establish whether or not this is actually a problem for businesses.

- China becoming too expensive

When is china going to be too expensive for production? It was revealed to us during our research that the Yangtze delta area was becoming too expensive to establish new businesses in. Western companies hoping to reap the benefits of cheap, Asian labour, are looking at new areas to set up their business. Countries like Burma, Vietnam, Cambodia and Thailand are attracting western businesses, that are off-set by the increasing cost of labour in China. However, it would be far outside the limitations of this paper to determine how Chinese domestic politics could prevent this.
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APPENDIX
Appendix 1

Laerdal Products

Resuci-Anne
Appendix 2

Interview questions for Managers

General:

Position in the company?

W. (How long have you been in China? And in the company?)

Do you have previous management experience? (Globally)

W. (Did you have any HRM training for China, before coming to China? In China?)

Key-personnel:

How would you define key-employees in your company?

   Who, why, where, when

Do you feel that your key-employees are generally loyal?

(Do you know why your key-employees leave?)

Do you take special steps to include key-employees in the company philosophy/family?

   Like what?

HRM Issues:

Does your company have issues with retention?

Does your company have a retention policy?

What do you think is the reason it is so difficult to retain employees?

   What are the problems? What are the solutions?
What do think are the three most important criteria for job satisfaction?

And for dissatisfaction?

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<td>• Relationship w/Peers</td>
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What do you consider to be the biggest HRM challenge for your company?

Has this developed? Past, Present, Future?

How do you think the employees regard your management style?

**Motivation:**

How do you motivate your employees? Inner v Outer motivation

Salary, Bonus, provision, education, trips/seminars abroad, flexi-hours, home office

What kinds of social events do you offer the employees?

How often do you talk to the employees?

Do you eat with the employees?

How do you get feedback from your employees?

Do you socialize privately with some employees?

What do you do to strengthen the social bonds in your company?
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China:

For Chinese managers:

What do you think is the biggest mistakes made by western managers?

Do you have examples? Do you know anyone who has experienced difficulties?

What do think western managers could do differently?

For Western managers:

Compared to previous experience, how would you rate the Chinese retention issue?

Have you experienced cultural issues? Give and take Face, mindset, Language, social etc

What are some of the Challenges to being a western manager in China?

Have you made any special effort with regards to the new labour legislation? Any issues?

How do you think the new labour law affect your company?

Closing:

Have you noticed a change over the last few years as to what the workers are interested in?

Where do you see yourself in 5, 10 years?

Do you have any comments or tips as to how to strengthen or change the HRM/retention issue for the future?
Appendix 3

Interview questions for HR managers

Background information
Title, experience, education, etc
How did you get this job?

Have you been offered other positions in other companies?
   Why do you stay?

What do you consider to be the company’s biggest HRM challenge?
   Specifically with regards to retention.
   What sorts of problems do you encounter?
      Past, present, Future
   (How do you plan to solve it?)
   Do you have any program already in place to prevent problems? Like people leaving, challenges at work,

Do you see a change as to what the employees expect from the company? Over the last decade, or since the company opened?

What sorts of steps do you take to include key-employees in the company philosophy/family?

Production staff is always quitting, but do you think that retention of key-employees actually is a problem in China today? Will it be in the future? What do you think is the reason?

   In your experience, do you know of other companies who have problems retaining their key-personnel??
Nationality of companies and managers?

Motivation:
How do you motivate your employees? Any particular tools you would use? Inner v Outer motivation
Salary, Bonus, provision, education, trips/seminars abroad, flexi-hours, home office

How often do you talk to the employees?
Do you eat with the employees?

How do you get feedback from your employees? (Exit interviews, Performance reviews)

Do you socialize privately with some employees?

What do you do to strengthen the social bonds in your company?

Are you involved in the recruitment process?
(How do you go about finding the right employees for the right job?)

How many of your administrative staff and mid level managers have actually left?

In your experience, is the HRM issue different in China than in other countries?

Are you the only one responsible for HRM? Are there other mid-level managers with HRM experience?
Who are your key-employees?

What do YOU think are the three most important criteria for job satisfaction?

And for dissatisfaction?

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Communication barriers?

Language, political, cultural differences

Loyalty towards you, or are they loyal to the company? What would happen if you left?

Have you noticed a change over the last few years as to what the staff are interested in?

Standardization of HRM v Local HRM

Specifically towards China??

Where do you see yourself in 5, 10 years?
Appendix 4

Interview questions for employees

Background:

What is your title/level?

Where are you from?

How long have you worked in your current job?

What kind of education do you have?

From where?

How did you get this job? Where did you hear about it?

What is most important for you when looking for a job?

Employment criteria:

What are you most pleased about with regards to your job?

How easy do you think it is for you to change jobs?

What is most important for you in day to day work?

What are the three most important criteria for your job satisfaction? For you!!

Money, social, Career opportunities, Visits/Seminar abroad, relationship to supervisor
Do you have any job benefits you could tell us about? (such as: bonuses, social, education, holidays, career opportunities, etc)

Which do you value the most?

Do you think there is growth potential for you within the company?

In what way do you feel that the company shows that they appreciates or not appreciates your work/efforts?

Do you have friends who you think have a really good job?

Why is it good?

How do you think your salary compares to that of other companies?

Do you think you are paid fairly?

Do you think there is a high turnover amongst your colleagues?

How does this effect your daily motivation?

Do you know and agree with your company’s vision statement?

Social:

Is it easy to make friends in the company?

Do you have many friends in the company?

Is there anything that you feel that the company could provide so that you would be happier in your work?

How would you describe your relationship with your boss / Supervisor. Is he/she caring? Does he/she understand you? Does he/she pay attention to your opinions?
Where would you take your work related problems?

If your supervisor left, would this change your motivation for work? Anything change?

**China v Western:**

Have you got any examples of any issues concerning Chinese culture v European culture?

management

What do you look for in a manager\employer?

Do you feel that your work is challenging you enough? Giving you challenges?

Where do you see yourself in 5 (10) years?

**Do you have any comments or tips as to how to strengthen or change the HRM/retention issue for the future?**
Herzberg's motivators and hygiene factors
(achievement through to personal growth are motivators; the others are hygiene factors)
Appendix 6

Complete list of Criteria for job satisfaction

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<th>#2</th>
<th>#3</th>
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<tbody>
<tr>
<td>1 Appreciated by management</td>
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<tr>
<td>2 Personal development</td>
<td>7</td>
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<td>3 Relationship with supervisor</td>
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<td>4 Work environment</td>
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<td>5 Empowerment</td>
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<td>6 Salary</td>
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<td>7 Trust</td>
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<td>8 Company reputation</td>
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Appendix 7

SWOT – Matrix

Strengths/Weaknesses

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Opportunities

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Threats
Appendix 8

Suggested career development plan

INDIVIDUAL CAREER DEVELOPMENT PLAN

Employee’s Name:  
Department/College/Division:  
Email Address:  
Campus Extension:  
Current Job Classification:  
Working Title:  
HEERA Manager:  
Manager’s Title:  

A. Career Goals and Objectives

1. Short-Range (Please indicate degree program)
2. Long-Range (Describe positions and/or grades of jobs at the Organization)
3. How do your goals relate to the needs of your department, the Organization?

B. What steps have you completed to date to reach your goals? (If available, please attach supporting records)

1. Education (Describe courses or degree, dates, places and results of education)
2. Developmental Assignments (Describe job rotation or cross training within your present department and other work-related experience)
3. Other Activities (Describe organizational memberships, attendance at meetings, etc.)

C. Based on the information provided in Sections A and B, what specific steps are needed to reach your goals? (Please indicate projected completion date)

1. Education (Courses to be taken, units required)
2. Developmental Assignments (Job requirements, cross training or rotation)
3. Other Activities (Memberships, meetings)

D. If assistance is provided in preparing this plan, this section should be completed and signed by the individual who provided guidance. This may include, but is not limited to, a supervisor, faculty advisor, and/or a career counselor. You may attach additional sheets if more than one individual assisted.

Signature Title Date  

E. Individual Career Development Plan – Signature of Approval

11/2005