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## Ethical Characteristics of Human Resources Management in Chinese Enterprises: An Empirical Study Based on Content Analysis of Employee Manuals

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**Abstract** This paper identifies five dimensions of human resource management ethics (HRME) from the extant literature, namely ethical values, rights, fairness and justice, openness, and ethical care. Based on employee manuals of 160 companies, this paper conducts a content analysis to identify the characteristics and differences of HRME in various types of firms and different industries. Results indicate that the status quo of HRME in Chinese firms is far from being satisfactory due to the lack of ethical care, unfair and nontransparent employee appraisal procedures and outcomes. The results also show that there are significant differences in the five dimensions of HRME among state-owned enterprises, private enterprises, joint ventures, and foreign companies. It is also found that there is no significant interaction effect between enterprise ownership type and industry on HRME.

**Keywords** human resource management ethics (HRME), content analysis, ethical characteristics

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Translated from *Zhongguo Ruanhexue* 中国软科学 (Chine Soft Science), 2009, (5): 114–124

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## 1 Introduction

In recent years, a series of business scandals have occurred consecutively, including the Sudan Red scandal, Clenbuterol scandal, Fuyang milk powder scandal and Sanlu milk powder scandal, reflecting the lack of business ethics in many firms in China. In contrast, business ethics has long become an area of western managerial research, along with the widespread application of rules and ideas of business ethics to HR management practices in firms of all sizes. This study aims to conduct a systematic comparison of ethical characteristics of HR management among different types of firms in China, identify their merits and demerits, and provide necessary guidance for enhancing ethical HR management in Chinese firms.

Moreover, a growing number of textbooks have described and discussed ethics problems in HR management, which, to a certain degree, shows that the ethical principles in HR management have been accepted by practitioners. Following this trend, many Western researchers have explored the embodiments of HRME, including recruitment, compensation and incentives, downsizing practice, training and career development (Buckley, Beu, Frink, Howard, Berkson, Mobbs and Ferris, 2001). For example, Deckop (2006) categorized ethical issues of HR management into 14 types, including social responsibility, human resource strategy, performance management, employee training, employee motivation, supervisor-subordinate relationship, sexual harassment, and fair compensation.

### 1.1 HRME Criteria

The Chartered Institute of Personnel and Development (CIPD) regard fairness, confidentiality and justice as its criteria of HRME. The American Academy of Human Resource Development (AHRD) emphasizes the principles of fairness, equal treatment and confidentiality, and lead-by-example in HRME (Maxwell and Beattie, 2004). Ethical factors of HR management include the basic civil rights and employment rights, the principle of social and organizational fairness, the principle of universality and the principle of community with the consistent objects (Winstanley and Woodall, 2000). In particular, five judgment principles of HRME were identified, in terms of integrity, legality, proficiency, loyalty and confidentiality (Wiley, 2000). Moreover, Schumann (2001) argued that a comprehensive framework for making judgments on HRME consists of five inter-complementary moral principles, which are utilitarian ethics, rights ethics, distributive justice ethics, care ethics, and virtue ethics.

In China, important ethical principles among manager, staff, and team are composed of trust, respect, care, right, fairness, and democracy (Dai and Sun, 2001). Yang (1999) pointed out that the components of enterprise ethics include

moral values of management, respect for employees, democratic managers, coordination of efficiency and fairness, clean government. Chen (2002) elaborated several basic issues of value judgment and ethical choice in the theories and practice of HR management, including the basic values and duties of enterprise, professionalism and professional ethics of managers, qualities and ethical decision made by HR managers, ethical testing in recruitment, and the value orientation in job training, etc. In an ethical analysis of HR management in universities and colleges, Chen (2003) identified six ethical principles, namely equality, fairness, openness, normalization, orderliness, and incentive.

### 1.2 Influencing Factors of HRME

Weaver and Trevin (2001) pointed out that unfairness in HR management is detrimental to HRME. Dachler and Enderle (1989) held that the behaviors and decisions of HR managers reflect their inner visions and values. When these visions and values are inconsistent with organizational values, ethical problems are likely to occur. From the perspective of social norms, Baucus and Baucus (1997) concluded that there are three basic reasons for unethical issues: fuzzy definition of unethical behaviors, giving perpetrators opportunities to do bad things, and pressure. Buckley et al. (2001) pointed out that unethical conducts might happen in the process of recruitment, compensation and incentive system, downsizing practice, training and career development, daily affairs and communication among staff of organization.

### 1.3 Development of HRME

In their attempt to construct HRME in domestic organizations, Tian (2001) pointed out that, at the macro level, policy-makers need to focus on an ethical orientation of the overall improvement of population quality, optimal allocation and utilization of human resources, and coordination of collaboration among workers from all walks of life; while at the micro level, they need to follow the ethical principles of human-orientedness, fairness, and collectivism. Wang and Zhou (2001) suggested, in their study of social ethics, that a new moral system consistent with China's practical situations concerning talent recruitment, promotion and salary distribution in firms should be set up. Zhou (2003) proposed that we should set up necessary positions and departments to carry out ethical training, moral evaluation and other ethical control means on potential candidates of recruitment or promotion. Chen and Long (2004) proposed to establish HRME by means of cultivating people-centered philosophy, optimizing resource allocation, highlighting HR development, stressing both talent recruitment and training, executing moral incentives, perfecting income

distribution, establishing appraisal system and promoting cultural cohesion. Li (2007) summarized the main implications of Marxist humanism on HRME, including advocating the philosophy of humanity to establish the ethical values of “people-oriented,” implementing moral motivation to achieve the ethical goals of “optimal performance,” improving the system of welfare & assessment to reflect the equity and equality value of HRME). Feng and Guo (2008) studied the dilemma in HRME abroad and gave several suggestions on eliminating the unethical issues in China. Xia (2005) found that ethical management is positively related to HR development in China’s privately-owned enterprises. Shan (2005) held that firms should strengthen their development of HRME. Wang and Zhu (2006) reviewed foreign studies on organizational ethical atmosphere and gave specific suggestions on theoretical research and management concerning HRME in China. Zhao and Huang (2006) studied the influence of firms’ ethical culture on HR management practice and suggested combining HR management with firms’ ethical culture to obtain more innovation.

Kolk and Van Tulder (2004) asserted that in the process of globalization, in addition to following generally accepted ethical business principles, multinational companies also need to take into consideration unique cultural characteristics of HRME in different countries and sometimes need to make compromises when entering new markets. An empirical study on nurses found that hospitals can enhance their employees’ work satisfaction and organizational commitment through cultivating an ethical atmosphere with the characteristics of caring, autonomy, and rule-abiding (Tsai and Huang, 2004). A study examined the snitching policies of organizations, and emphasized the importance of employees’ awareness of reporting wrong behaviors to the authorities (Tsahuridu and Vandekerckhove, 2008).

In summary, a majority of existing literature on HRME are either conceptual or limited to empirical study of one or two specific aspects of HRME, making it difficult for providing comprehensive practical guidance to HR managers in China. Hence, the scope the research should be further broadened.

#### 1.4 Hypotheses

Based on relevant studies of Schumann (2001), Dai (2001) and Chen (2003), we adopted the five ethical dimensions, including: ethical values, rights, fairness and justice, openness and ethical care as the categories for content analysis. Each category contains several sub-categories and corresponding indicators. We made a specific definition for each indicator. For example, “purposefulness” refers to that training staff is an enterprise’s social responsibility; “right to know” means that staff have the right to know all affairs related to their work; “safety at work” involves relevant security policies and working conditions.

In modern China, the mixture of organizational types is much more diverse than in the West (Fryxell and Lo, 2001). First, large state-owned enterprises (SOEs) remain common in China, especially in industries associated with defense and public services, or where privatization has proven difficult, usually because their economic viability is dubious and high unemployment is likely (Fryxell and Lo, 2001). In SOEs, all capital is owned by the state (Freund, 2001; McNally, 2001). One notable point is that state run enterprises invariably have a broader social mandate, often providing housing, health care and education for an inclusive “community” of employees (Boist and Liang, 1992).

Since China’s market-oriented reform started in 1978, private enterprises have flourished in China (Young, 1995). “Such enterprises may result from the privatization of existing companies or new ventures that have rapidly grown.” “The ownership of capital is usually tightly concentrated (i.e., with one person or a small group).” “While private organizations are on the rise in China, it should be noted that the legal...framework for conducting business transactions is still weak” (Fryxell and Lo, 2001).

Fryxell and Lo (2001) states that, “joint ventures are increasingly common in China.” “In joint ventures, the ownership is shared by at least two different companies with one usually being foreign.” “Joint venture arrangements vary, but typically membership on the board is shared and the foreign enterprise will have personnel on site who provide technical support, but also serve a controlling function (i.e., to provide first-hand reports of deviations from the agreement).”

According to *the Law of the People’s Republic of China on Foreign-Funded Enterprises*, foreign-funded enterprises (“foreign firms” thereafter) refer to enterprises established in China by foreign investors, excluding subsidiaries in China set up by foreign firms and other foreign-funded economic entities.

Sample enterprises were classified into SOEs, private enterprises, joint ventures, and foreign firms. To a large extent, such classification depends on the ownership nature. Considering possible differences in HRME and its five dimensions among all types of enterprises, we hypothesize that:

**H1** Significant differences exist in HRME (H1a), ethical values (H1b), rights (H1c), fairness and justice (H1d), openness (H1e), and ethical care (H1f), among different types of enterprises.

In addition, concerning the difference in HRME and its five dimensions among different types of industries, we hypothesize that:

**H2** Significant differences exist in HRME (H2a), ethical values (H2b), rights (H2c), fairness and justice (H2d), openness (H2e), and ethical care (H2f), among different industries.

Concerning the interaction between industry and firm types, we hypothesize

that:

**H3** Enterprise type is related to industry attribute of HRME (H3a), ethical values (H3b), rights (H3c), fairness and justice (H3d), openness (H3e), and ethical care (H3f).

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## 2 Method

This paper adopted the semantic content analysis method, and used employee manuals as samples. Information contained in the staff's manuals was defined as the smallest analytical unit, and the content in the employee manuals was divided into specific categories. In order to show their significant features and differences, the frequency of each category was then calculated.

Known as "internal law" in enterprises, employee manuals cover all the aspects of HR management, and can reflect the unique characteristics of a certain enterprise. Generally speaking, a typical staff manual usually contains a variety of enterprise-specific information, ranging from an enterprise's history, mission, brief introduction, objectives, company's spirit, staff's code of conduct, performance management, compensation, to staff training. Considering the different development paths and cultures when it comes to specific firms, what is reflected in employee manuals will not necessarily be the same. The main reasons that we chose the employee manual for content analysis are as follows: First, employee manuals are compiled by enterprises to be a reflection of their specific socio-economic situations. Second, employee manuals usually use a standard writing style, leaving no misunderstanding in meaning conversion among different language signs. Third, employee manuals are usually consistent with government rules and laws (e.g., labor law). Lastly, the degree of formalization of a firm's employee manual is usually positively related to the specific development stage of the enterprise.

### 2.1 Content Sampling

Taking "employee manual" as the keyword, we surfed carefully the most popular search engines or HR-related websites in China, including [www.baidu.com](http://www.baidu.com), [www.google.cn](http://www.google.cn), <http://bbs.hrsalon.org>, [www.hr.com.cn](http://www.hr.com.cn), [bbs.cenet.org.cn](http://bbs.cenet.org.cn), and [www.21manager.com](http://www.21manager.com). After ensuring a high recall ratio of our research results, unqualified employee manuals (including those without a company name or registered address of the firm, or manuals with incomplete information) were eliminated. At the end, 160 were included in the sample composed of 34 SOEs, 60 private firms, 34 foreign companies, and 32 joint ventures and other types of enterprises. Sampled firms were mainly from industries such as IT, manufacturing, retailing and catering, real estate, medicine, energy, and culture.

Among them, a majority of sampled enterprises were from the first four industries.

## 2.2 Coding

Utilizing all contents in one employee manual as an analytical unit, we adopted a simple but direct method for scoring, and determined the enterprise's position in the analytical framework. If the content involves an item being coded, it scores 1, and 0 otherwise. One enterprise's total score is the sum of the scores of all surveyed items in its employee manual. The same rule goes to every single surveyed item.

## 2.3 Reliability Analysis

Coding was completed by the authors, and the database of content analysis was created by coding all analytical units. In order to ensure validity and reliability, before formally structuring the data according to the constructed categories, we randomly selected 35 employee manuals, and then compared the results of two analyses. Holsti's coefficient of reliability formula was adopted to decide whether the reliability of our results was satisfactory. As shown, the final reliability was 96.98% (reliability =  $2M/(N1 + N2)$ ,  $N1 = N2 = 51 \times 35$ ,  $M = 1799$ ), higher than the satisfactory level.

## 2.4 Validity Analysis

The aim of our test was to verify whether the analysis category and units are valid or not (i.e., whether categories were enough and they met the requirements of research). As such, analysis categories were constructed in accordance with relevant theories of management ethics and research achievements about HRME, thus guaranteed a high level of validity. In addition, in the light of classification of thematic categories, we carried out many measures and modified category definitions accordingly. After a series of seeking theoretical guidance, documents analysis, and prior hypothesizing, the final categories of content analysis, especially the thematic categories, became more suitable for our research purpose. For instance, as shown by the criterion of "expert validity," this study has a high level of validity.

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## 3 Analysis and Result

This paper encoded and recorded 160 employee manuals, and computed the frequency of different indicators in each category. Those items in manuals that

were approximately consistent with special indicator description scored 1, and 0 otherwise. The total point was the final score of enterprise ethics (full mark was 51). In order to capture and reflect clearly the specific ethical characteristics of HR management in different industries and enterprises, this study elaborated HRME respectively from five dimensions of ethical values, rights, fairness and justice, openness and ethical care.

### 3.1 Data Analysis of Ethical Values

The results of a two-factor variance analysis indicate that enterprise type is significantly related to ethical values ( $F = 3.556, P = 0.008 < 0.05$ ). There are significant differences in ethical values among different types of enterprises: H1b is supported. However, industry is not significantly related to ethical values ( $F = 1.674, P = 0.198 > 0.05$ ). In other words, there are no significant differences in ethical values among different industries. H2b is not supported. There is no interaction between enterprise type and industry in the dimension of ethical values ( $F = 1.485, P = 0.210 > 0.05$ ). H3b is not supported.

The mean scores of the four types of enterprises are 59.60, 93.96, 88.29, 76.10, 70.41, respectively. A non-parametric test shows that there are significant differences in ethical values among different types of enterprises ( $\chi^2 = 13.928, P = 0.008 < 0.05$ ).

Table 1 indicates that, the value for employee honesty and trustworthiness in

**Table 1** Analysis Results of the Ethical Values Dimension

Sub-dimension and indicator	SOEs (%)	Private enterprises (%)	Joint ventures (%)	Foreign firms (%)	Other types (%)	Total (%)	
Honesty and trustworthiness	8 (23.5)	27 (45.0)	9 (42.9)	11 (32.4)	1 (9.1)	56 (35.0)	
Purposefulness	6 (17.6)	3 (5.0)	0 (0.0)	3 (8.8)	0 (0.0)	12 (7.5)	
Obedience	6 (17.6)	13 (21.7)	7 (33.3)	9 (26.5)	3 (27.3)	38 (23.8)	
Enterprise interest foremost	3 (8.8)	34 (56.7)	11 (52.4)	13 (38.2)	1(9.1)	62 (38.8)	
Unity of firm interests and responsibilities	Concern for both firm interests and social responsibilities	9 (26.5)	10 (16.7)	5 (23.8)	3(8.8)	3 (27.3)	30 (18.8)
Team	14 (41.2)	22 (36.7)	7 (33.3)	11 (32.4)	4 (36.4)	58 (36.3)	
Harmonious development	Innovation	9 (26.5)	39 (65.0)	9 (42.9)	18 (52.9)	5 (45.5)	80 (50.0)
Win-win	6 (17.6)	15 (25.0)	6 (28.6)	4 (11.8)	4 (36.4)	35 (21.9)	
Respect	2 (5.9)	14 (23.3)	5 (23.8)	10 (29.4)	3 (27.3)	34 (21.3)	



private enterprises, joint ventures and foreign firms are higher than that of for SOEs; while few enterprises regard employee development as their social responsibilities except SOEs. By comparison, SOEs score lower on “enterprise interest foremost,” “respect” and “double win,” while private enterprises and foreign firms score higher on “innovation.”

Table 1 also shows that obvious differences in the core structure of value system among all types of enterprises: 41.2% of SOEs and 36.7% of private enterprises emphasize the cultivation of their employees’ team spirit, higher than foreign firms, showing that Chinese enterprises lay greater emphasis on collectivism and interpersonal harmony. 65% of private enterprises and 52.9% of foreign firms encourage the innovative spirit. 29.4% of foreign firms regard innovation spirit as one of their core values, as compared with only 5.9% of Chinese enterprises, showing that the Western culture highlights individual-orientedness, autonomy and individualism. 28.6% of joint ventures and 25% of private enterprises advocate the idea of win-win with their staff, the highest percentage as compared with other types of enterprises.

### 3.2 Data Analysis of the Rights Dimension

The results of two-factor variance analysis indicate that enterprise type is significantly related to rights ( $F = 13.820$ ,  $P = 0.000 < 0.05$ ). H1c is supported. However, industry is not significantly related to the Right dimension ( $F = 0.076$ ,  $P = 0.784 > 0.05$ ). Thus, H2c is not supported. Nor is there interaction between enterprise type and industry ( $F = 0.430$ ,  $P = 0.784 > 0.05$ ). H3c is not supported.

The mean scores of the four types of enterprises are 56.85, 105.68, 50.98, 75.34, 88.55, respectively. Results of our non-parametric test show that  $\chi^2 = 37.551$ ,  $P = 0.000 < 0.05$ , indicating there are significant differences in employees’ rights given by different types of enterprises.

The granting of various rights to employees is a reflection of the thoughts of people-orientedness in HR management. 51.7% of the private companies give their staff the rights of participation into decision-making, much higher than 11.8% in foreign firms and 8.8% in SOEs. 16.7% private enterprises and 2.9% of SOEs grant their employees the right to know, much lower than the right to participate. By comparison, the percentage of right to know in foreign firms is 14.7%, exceeding the level of right to participate in these enterprises. These results indicate that management in Chinese firms is open enough to their employees. It implies that the granting of “right to participate in decision making” to employees is more or less a mere formality in Chinese firms due to information asymmetry. Table 2 also shows that foreign firms lay more emphasis on the development of their staff. 53.3% of private enterprises and 26.5% of foreign firms provide staff with training opportunities. 51.7% of private

enterprises and 58.8% of foreign firms attach more importance to staff's personal development, indicating higher level of respect for their employees than other types of enterprises. However, only 2.9% of foreign firms protect their employees' privacy, the lowest percentage among all types of sample enterprises.

**Table 2** Analysis Results of the Right Dimension

Indicator	SOEs (%)	Private enterprises (%)	Joint ventures (%)	Foreign firms (%)	Other enterprises (%)	Total (%)
Right to make decision	3 (8.8)	31 (51.7)	1 (4.8)	4 (11.8)	4 (36.4)	43 (26.9)
Right to know	1 (2.9)	10 (16.7)	1 (4.8)	5 (14.7)	0 (0.0)	17 (10.6)
Right to attain training and education	5 (14.7)	32 (53.3)	2 (9.5)	9 (26.5)	3 (27.3)	51 (31.9)
Right to appeal	10 (29.4)	43 (71.7)	6 (28.6)	12 (35.3)	7 (63.6)	78 (48.8)
Right to self-develop	4 (11.8)	31 (51.7)	4 (19.0)	20 (58.8)	4 (36.4)	63 (39.4)
Right to resign	1 (2.9)	25 (41.7)	0 (0.0)	3 (8.8)	2 (18.2)	31 (19.4)
Right for privacy	6 (17.6)	12 (20.0)	3 (14.3)	1 (2.9)	2 (18.2)	24 (15.0)

### 3.3 Data Analysis of the Dimension of Fairness and Justice

The results of two-factor variance analysis indicate that enterprise type affects significantly fairness and justice ( $F = 3.909$ ,  $P = 0.005 < 0.05$ ). H1d is supported. The effect of industry on the dimension is not significant ( $F = 0.033$ ,  $P = 0.856 > 0.05$ ), not supporting H2d. There is interaction between enterprise type and industry in the dimension of fairness and justice ( $F = 2.465$ ,  $P = 0.048 < 0.05$ ). Thus, H3d is supported.

The mean scores of the four types of enterprises are 60.88, 94.29, 72.24, 83.26, 73.14, respectively. The results of a non-parametric test show that  $\chi^2 = 12.738$ ,  $P = 0.013 < 0.5$ , indicating there are significant differences on the degree of fairness and justice of HR management among different types of enterprises.

31.7% of private enterprises and 35.3% of foreign firms regard both ability and morality criteria for recruiting and promoting staff. 38.3% of the private enterprises and 32.4% of foreign firms provide equal chances to the job-hunters who meet the requirements. However, the percentage of SOEs is only 5.9%. 66.7% of private companies and 38.2% of foreign firms provide equal opportunities in employment and take into consideration employees' overall quality of performance and development potential when promoting from within. 35.3% of foreign firms and 5.9% SOEs elaborate explicitly disciplinary clauses concerning employee dismissal, which implies to a certain degree the reality that some SOEs recruit and dismiss employees without standardized procedures.

There is no obvious difference in openness and fairness in appraisal among different types of enterprises. However, on the item of appraisal purpose, 35.0% of private enterprises and 38.2% of foreign firms use appraisal as a means to promote staff development and bring into full play their employees' potentials. The percentage is higher than that of in SOEs (5.9%). Table 3 also shows that the appraisal of the employees is mainly conducted based on their performance: 35.0% of private enterprises and 23.5% of foreign firms regard ability and attitude as the critical appraisal indexes, as compared to a mere 8% in SOEs. However, the lack of some important appraisal criteria, such as failing to take into consideration candidates' morals and lack of comprehensive appraisal criteria might lead to unfairness in appraisal results.

**Table 3** Analysis Results of the Dimension of Fairness and Justice

Sub-dimension and indicators	SOEs (%)	Private enterprises (%)	Joint ventures (%)	Foreign firms (%)	Other enterprises (%)	Total (%)	
Fairness and justice in employment	Requirements of morality and ability	10 (29.4)	19 (31.7)	6 (28.6)	12 (35.3)	5 (45.5)	52 (32.5)
	Equality of opportunities	2 (5.9)	23 (38.3)	6 (28.6)	11 (32.4)	3 (27.3)	45 (28.1)
	Equality of promotion	7 (20.6)	40 (66.7)	7 (33.3)	13 (38.2)	5 (45.5)	72 (45.0)
	Fairness of dismissal	2 (5.9)	13 (21.7)	0 (0.0)	12 (35.3)	4 (36.4)	31 (19.4)
	Staff career development	12 (35.3)	18 (30.0)	1 (4.8)	8 (23.5)	3 (27.3)	42 (26.3)
Fairness and justice in appraisal	Explicitly-defined appraisal procedure	6 (17.6)	14 (23.3)	4 (19.0)	5 (14.7)	0 (0.0)	29 (18.1)
	Appraisal of staff abilities and attitude	3 (8.8)	21 (35.0)	7 (33.3)	8 (23.5)	1 (9.1)	40 (25.0)
	Appraisal of staff ethics	4 (11.8)	6 (10.0)	2 (9.5)	4 (11.8)	2 (18.2)	18 (11.3)
	Promoting staff development with performance appraisal	2 (5.9)	21 (35.0)	7 (33.3)	13 (38.2)	3 (27.3)	46 (28.8)
	Extra payment for overtime work	10 (29.4)	22 (36.7)	11 (52.4)	14 (41.2)	1 (9.1)	58 (36.3)
Fairness and justice in allocation	Special allowances	5 (14.7)	7 (11.7)	2 (9.5)	3 (8.8)	3 (27.3)	20 (12.5)
	Performance bonus	14 (41.2)	27 (45.0)	7 (33.3)	11 (32.4)	3 (27.3)	62 (38.8)
	Determining pay according to specific position	16 (47.1)	38 (63.3)	10 (47.6)	16 (47.1)	4 (36.4)	84 (52.5)

In the aspect of fairness and justice in allocation, 47.1% of SOEs, 63.3% of private enterprises and 47.1% of foreign firms determine salary of their staff in accordance with specific post. Performance bonus is included as part of salary in 41.2% percent of the SOEs, 45.0% of the private enterprises and 32.4% of the foreign firms. 52.4% of joint ventures and 41.2% of foreign firms give extra pay to their employees for extra work, much higher than that of in SOEs and private enterprises. However, only 14.7% of SOEs, 11.7% of private enterprises, 9.5% of joint ventures and 8.8% of foreign companies pay special allowance for employees involved in special works.

### 3.4 Data Analysis of Openness

The results of two-factor variance analysis show that enterprise type has significant impact on openness ( $F = 3.059$ ,  $P = 0.019 < 0.05$ ). H1e is supported. However, the results also show that the impact of industry on openness is not significant ( $F = 1.482$ ,  $P = 0.225 > 0.05$ ). Therefore, H2e is not supported. Nor is there interaction between enterprise type and industry ( $F = 1.651$ ,  $P = 0.164 > 0.05$ ): H3e is not supported.

The mean scores of the four types of enterprises are 90.10, 68.15, 104.05, 74.65, 91.32, respectively. A non-parametric test shows that the  $\chi^2 = 12.490$ ,  $P = 0.014 < 0.05$ , indicating there are significant differences in the degrees of openness of HR management among different types of enterprises.

Enterprises tend to lay much emphasis on internal system construction and the openness of the system. In SOEs and joint ventures, the degree of openness of the systems of welfare, rewards & punishment and employee behavior is higher than that of in other types of enterprises. Comparatively speaking, Chinese private enterprises characteristic of good adaptability and flexibility are prone to pay little attention to compiling and implementing formal internal system. In the surveyed employee manuals, only 18.3%, 35.0%, and 28.3% of private enterprises include the appraisal system for performance, salary system and welfare system, respectively, which is not only lower than that of in SOEs (excluding appraisal system for performance) and joint ventures, but significantly lower than that of in foreign firms (32.4%, 47.1% and 50.0%, respectively). Compared with their foreign peers, Chinese enterprises are keener to regulate explicitly the system of reward & punishment system and staff code of conduct. However, the degree of openness of reward system is significantly lower than punishment system, implying that state-owned and foreign firms are more inclined to focus on punishment rather than reward in the management of their employees. In addition, many private enterprises, joint ventures, and foreign firms lack explicit definition for moral behaviors.

Table 4 indicates that 41.2% of foreign firms have published the procedure and

channel to appeal, which is higher than that of in SOEs, private enterprises and joint ventures. 47.6% of joint ventures and 44.1% of foreign firms would use a variety of ways and channels to recruit openly new employees, much higher than that of in domestic enterprises. The reason for the less open recruitment approach adopted by domestic enterprises is twofold: First, this is closely related to domestic enterprises' growth speed and development stage; second, it also reflects the fact that Chinese enterprises tend to pay more attention to perceptual knowledge and morality in HR management while foreign firms focus more on rationalism. In addition, 35.3% of SOEs and 20.6% of foreign firms would communicate with employees during the process of appraisal. However, the degree of appraisal transparency in most of sample enterprises still remains low.

**Table 4** Analysis Results of the Dimension of Openness

Sub-dimension and indicator	SOEs (%)	Private enterprises (%)	Joint ventures (%)	Foreign firms (%)	Other enterprises (%)	Total (%)	
Open system	Appraisal system for performance	4 (11.8)	11 (18.3)	7 (33.3)	11 (32.4)	1 (9.1)	34 (21.3)
	Salary system	14 (41.2)	21 (35.0)	15 (71.4)	16 (47.1)	5 (45.5)	71 (44.4)
	Welfare system	13 (38.2)	17 (28.3)	18 (85.7)	17 (50.0)	7 (63.6)	72 (45.0)
	Reward system	16 (47.1)	27 (45.0)	15 (71.4)	10 (29.4)	5 (45.5)	73 (45.6)
	Punishment system	24 (70.6)	36 (60)	16 (76.2)	19 (55.9)	6 (54.5)	101 (63.1)
	Ethical rules	18 (52.9)	9 (15.0)	4 (19.0)	5 (14.7)	4 (36.4)	40 (25.0)
	Staff code of conduct	24 (70.6)	42 (70.0)	16 (76.2)	20 (58.8)	9 (81.8)	111 (69.4)
Open procedure	The procedure and method to appeal	11 (32.4)	12 (20.0)	6 (28.6)	14 (41.2)	3 (27.3)	46 (28.8)
	Communication channels	15 (44.1)	15 (25.0)	6 (28.6)	7 (20.6)	3 (27.3)	46 (28.8)
	Open recruitment	8 (23.5)	9 (15.0)	10 (47.6)	15 (44.1)	4 (36.4)	46 (28.8)
	Open appraisal	12 (35.3)	11 (18.3)	2 (9.5)	7 (20.6)	2 (18.2)	34 (21.3)
Open result	Result feedback	7 (20.6)	10 (16.7)	5 (23.8)	7 (20.6)	1 (9.1)	30 (18.8)
	Making the result public	1 (2.9)	2 (3.3)	0 (0.0)	1 (2.9)	2 (18.2)	6 (3.8)
	Keeping salary private	10 (29.4)	19 (31.7)	8 (38.1)	11 (32.4)	6 (54.5)	54 (33.8)
	Informing punishment outcome	5 (14.7)	14 (23.3)	4 (19.0)	3 (8.8)	5 (45.5)	31 (19.4)

20.6% of SOEs, 20.6% of foreign firms, 16.7% of private enterprises and 23.8% of joint ventures provided feedback of performance appraisal to their staff. 14.7% of SOEs and 23.3% of private companies publicized punishment results, showing that they are more transparent in this aspect than foreign firms. As a whole, however, the degree of transparency in the process and outcome of performance appraisal is still low in all sample enterprises.

### 3.5 Data Analysis of the Dimension of Ethical Care

According to our two-factor variance analysis, the impact of enterprise type on ethical care is significant ( $F = 3.138$ ,  $P = 0.016 < 0.05$ ). H1f is supported. However, no significant is found for industry ( $F = 0.319$ ,  $P = 0.573 > 0.05$ ). Therefore, there are no significant differences in ethical care among different types of industries, lending no support for H2f. No interaction is found between enterprise type and industry ( $F = 1.496$ ,  $P = 0.206 > 0.05$ ): H3f is not supported.

The mean scores of the four types of enterprises are 83.29, 66.25, 104.69, 84.74, 90.32, respectively. A non-parametric test shows significant differences in ethical care among different types of enterprises ( $\chi^2 = 12.905$ ,  $P = 0.012 < 0.05$ ).

As shown in Table 5, fewer managers in private enterprises and foreign firms arrange exit interviews with employees intending to resign. Among all sample enterprises, 47.1% of SOEs, 41.7% of private enterprises, 71.4% of joint ventures, and 52.9% of foreign firms prohibited all types of the sexual harassment. 33.3% of joint ventures and 20.6% of foreign firms prohibited discrimination on gender, race, belief, region or other aspects in the process of recruitment, training, promotion and so on, percentages much higher than that of in SOEs and private enterprises. 38.2% of SOEs and 38.2% of foreign firms

**Table 5** Analysis Results of the Dimension of Ethical Care

Indicator	SOEs (%)	Private enterprises (%)	Joint ventures (%)	Foreign firms (%)	Other enterprises (%)	Total (%)
Prohibition of sexual harassment	16 (47.1)	25 (41.7)	15 (71.4)	18 (52.9)	3 (27.3)	77 (48.1)
Avoidance of discrimination	3 (8.8)	6 (10.0)	7 (33.3)	7 (20.6)	1 (9.1)	24 (15.0)
Creation of work atmosphere	5 (14.7)	27 (45.0)	11 (52.4)	15 (44.1)	4 (36.4)	62 (38.8)
Enrichment of cultural life	13 (38.2)	8 (13.3)	3 (14.3)	13 (38.2)	7 (63.6)	44 (27.5)
Safety at work	16 (47.1)	10 (16.7)	11 (52.4)	13 (38.2)	5 (45.5)	55 (34.4)
Working safety training	4 (11.8)	7 (11.7)	4 (19.0)	1 (2.9)	0 (0.0)	16 (10.0)
Exit interview	9 (26.5)	5 (8.3)	4 (19.0)	6 (17.6)	3 (27.3)	27 (16.9)

organized various after-work activities to enrich their employees' cultural life, which is higher than private enterprises. In terms of safety at work, although effective measures were taken in many sample enterprises to keep their staff away from possible danger at work, only a small fraction of sample enterprises offered their employees with working safety training.

### 3.6 Results of Content Analysis of the Dimension of Ethical Care

Lastly, our variance analysis shows that enterprise type is positively related to the dimension of ethical care ( $F = 2.873$ ,  $P = 0.025 < 0.05$ ), supporting H1a. Industry is not ( $F = 0.069$ ,  $P = 0.793 > 0.05$ ), thus H2a is not supported. No interaction is found between the two ( $F = 1.496$ ,  $P = 0.212 > 0.05$ ). Therefore, H3a is not supported.

**Table 6** Effects of all Factors (Dependent Variable: Degree of HRME)

Source	SS (I)	df	Mean-square (MS)	F-statistics	P-values
Adjusted model	420.555 <sup>a</sup>	9	46.728	1.941	0.050
Intercept	36 330.756	1	36 330.756	1 508.882	0.000
Enterprise type	276.708	4	69.177	2.873	0.025
Industry	1.658	1	1.658	0.069	0.793
Enterprise type × Industry	142.188	4	35.547	1.476	0.212
Error	3611.689	150	24.078		
Sum	40 363.000	160			
Adjusted sum	4 032.244	159			

Note: a.  $R$  Squared = 0.104 (Adjusted  $R$  Squared = 0.051).

By comparing the results of the above two-factor variance analysis and field survey, we can find significant differences in each dimension of HRME among the five types of enterprises. In addition, the mean scores of the four types of enterprises are 61.04, 92.34, 85.55, 75.91, 80.59, respectively. The result a non-parametric test reveals significant differences in the degree of HRME among different kinds of enterprises ( $\chi^2 = 10.544$ ,  $P = 0.032 < 0.05$ ).

## 4 Conclusion and Discussion

Based on the results of this research, we find there are significant differences in HRME and its five dimensions among SOEs, private enterprises, joint ventures, and foreign firms, while there are no significant differences among enterprises of different types and industries. No interaction is found between enterprise type

and industry on HRME.

According to the above results, businesses in China pay little attention to the development of HRME: About 30% sampled firms failed to open to the public their employee manuals, disciplinary procedure and rules, and salary system; only less than 20% sample enterprises have paid due attention to some specific aspects of HRME, including corporate social responsibility, work safety training, right to know, employee ethics evaluation, avoidance of prejudice, employee privacy, exit interview, proper procedure of employee performance appraisal, and special allowance.

In addition, our conducting content analysis of employee manuals indicates that some enterprises use rather harsh words (e.g., “not allowed,” “strictly prohibit,” “resolutely obey” and so on) or expressions (e.g., “we will not wait for you if you come late,” “one shall take all the consequences when violating the above rules” and so on). The reason behind these wordings could be multifold: (1) Most of the enterprises in China are still following the old traditional HR management approach, which assumes that organization members are in constant pursuit of “profit maximization.” Such an approach will inevitably lead to neglect of the construction of HRME, which in turn will hinder the further development of Chinese enterprises. (2) HR management in many Chinese enterprises is, to a large degree, based on the assumption of “economic man,” leading to neglect of interaction among organization members and the impact of psychological factors of employees on production efficiency. (3) In the process of HR management, enterprises often depend heavily on the technical characteristics of HR and personnel experience, and rely on instrumental means to handle frequently occur HR problems. Few of them try to solve the dilemmas in HR management from an ethical point of view. (4) Existing theories of HR management tend to lay greater emphasis on the scientific and economic properties of HR management and neglect the ethical properties. Accordingly, present HR management practice in China focuses more on the “scientificness” and economy, neglecting other attributes of HR management, such as sociability, spirituality, and humanism.

The results of this study show that there is a significant difference in the degree of HRME among different types of enterprises. Our results also suggest that there is a growing tendency for private enterprises to learn from foreign firms in the practice and construction of HRME. For example, a considerable percentage of private enterprises used to view integrity as their core values and employees as mere “instruments” now start to pay more respect to their employees, encourage staff innovation, emphasize staff development, help staff improve performance via proper appraisal procedures, etc. Possible reasons behind this attitude shift might be: (1) Under the context of globalization, Chinese enterprises need to learn from their peer enterprises in developed



economics; (2) Chinese enterprises are now more aware of the positive impact of better HR management on enterprise development in the long run. As the degree of HRME in foreign firms are usually much higher than that of in Chinese enterprises, many domestic enterprises choose to learn from their peers in developed countries.

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