



Haier: Talent Development, Engagement and Retention

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1. About Haier

Haier group is one of the top multinational company specialized in the production of consumer electronics and home appliances. It was originated in 1984, when founder and CEO Zhang Ruimin acquired a failing refrigerator factory in China. He had main focus on becoming a first class brand through large scale operations and making high quality superior products. In 1992, after becoming China's leading Refrigerator's company, Haier group started looking for other such business and acquired many poor managed companies and implemented new management with same focus on quality and services.

In 2014, Haier became number one appliance company in China (*Annexure 1*). And at that time they explored international market and become a multinational brand. Haier recorded revenue of about RMB 170.0 billion in the nine-month period 2021, representing a 10.1% increase over the comparable period in 2020 (*Annexure 2*). It is one of the leading company of consumer electronics and home appliances all over the world¹.

Haier has developed and succeeded as a transitioning global business. There are now 86 household electrical appliances manufactured by Haier with 13000 specifications and exported to more than 160 countries. Haier's worldwide marketing strategy included a network of international trade, design, manufacture, distribution, and after-sales support².

2. Background of Company

Haier is the world's biggest producer and one of China's top 100 IT companies. More than 76,000 people work for Haier across the globe in R&D centers, industrial parks, and manufacturing facilities (*Annexure 3*). In addition to research and development, Haier is also a manufacturer, trader, and financial service provider. While offering exceptional value for

1. Haier Company history. Haier. (n.d.). Retrieved April 2, 2022, from <http://smart-home.haier.com/en/gsls/>

2. The case olutions.com. 2022. Haier: the global innovation of Chinese company Case Solution And Analysis, HBR Case Study Solution & Analysis of Harvard Case Studies. [online] Available at: <<https://www.thecasesolutions.com/haier-the-global-innovation-of-chinese-company-148528>>

money, Haier has been working on Cfc-Free technology and Industrial Waste treatment systems to improve the quality of life. Limiting Haier's internal and external resource diversification capacity has allowed the company to grow. Haier's global logistics, distribution, and production capabilities are now efficient in meeting consumer demand. Haier's ultimate objective is to become a Fortune Global 500 company³.

3. Haier In Pakistan

Ruba general Trading Company and China's Haier group had formed a joint venture that introduced Haier to Pakistan with an investment of over \$35 million and an unwavering commitment to provide world-class, innovative goods to the Pakistani market. Haier has impressive market share of home appliances in Pakistan which is almost 25%. Today it leads the Pakistani Market in major categories such as Air Conditioner, Refrigerators, washing machines and Freezers and also leading share in electronics like LEDs and Laptops. Over 63 acres of land with an area of 0.6 million square feet, it includes a workers' community in Lahore, Pakistan. To meet the demand in the Middle East and across Asia, the company wants to create 0.9 million home appliances per year. There are three thousand dealerships and specialized sales outlets which are established throughout Pakistan by Haier Pakistan to serve its customers. This is maintained by a network of well-trained personnel at repair and maintenance centers around the country⁴.

4. HR Department at Haier

HR officer tell me that HR Department was involved in restructuring the new ventures coming up in Haier, Pakistan. Further he added that in Haier, there is one centralized HR team which works for the human resource management of all the companies of the group. As the HR department was not formed in the new companies, the hiring activity performed at Reshma Textiles, Peshawer Zalmi etc., are being carried out by HR Haier Pakistan. According too the HR officer this management practice has overburdened the HR staff at Haier Pakistan, and also there is no extra benefits are being offered to the recruitment executives. The goal of Haier was to become a household appliance company with a well-known brand and a team of talented employees. He added the "Haier Doctrine" was

3. Citeseerx.ist.psu.edu. 2022. [online] Available at:
<<https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.560.9863&rep=rep1&type=pdf>>

4. Pallas, Florian. (2016). Haier: A Case Study on How One of China's First Global Brands Keeps Expanding. 10.1007/978-3-319-23012-2_4.

innovation, and its meaning was establishing the method and platform for growing first-class talents to produce value for consumers constantly. Human resources strategies at Haier are designed to support the company's strategic objectives of recruiting and retaining a highly skilled and diverse workforce⁵.

5. Employee Development

Each year the top management decides the training budget for the whole staff. According to the HR officer for 2021 the training budget was decided as Rs. 30,000 per head. The overall budget was used to provide training to all the staff members. He added most of the trainings are done locally through renowned trainers of Pakistan. Haier Pakistan invests heavily in the technical training of its staff. And the trainers are specially called from China for such technical training. Haier also sends its top managers and handpicked officers for International training. The employees come back and impart the knowledge to the concerned employees in a house training institute. The in-house training institute can train as many as 300 employees and was used for regular training sessions. The HR department conducts at least one training session per month, free of cost. The training was held on multiple topics ranging from communication skills to quality assurance methods. These trainings are not mandatory, and the participants attend these sessions voluntarily⁶.

6. Another major Issues faced by HR Department

6.1. Labor Relations

HR officer told me an interesting thing that Haier Pakistan was one of those manufacturing company that do not had any labor unions. He further tell his observation, this was primarily because of the high turnover rate and employees usually don't stick long enough to form a partnership. Another issue was that most of the laborers are temporary or seasonal staff working on a specific project. As a result, not enough members are available to make the labor powerful. The management was rigorous on discipline and the grievances among employees are also dealt firmly. If an employee has a grievance with a fellow employee, the

5. Pallas, Florian. (2016). Haier: A Case Study on How One of China's First Global Brands Keeps Expanding. 10.1007/978-3-319-23012-2_4.

6. Corporate Rebels. 2022. *Haier: A Company Worth Studying!*. [online] Available at: <<https://corporate-rebels.com/haier-a-company-worth-studying/>>

employee sends a written complaint, and a panel was formed to resolve the issue. The board consists of an HR representative, Particular department head and Admin Head.⁷

6.2. Smoking policy

According to the HR officer company has a stringent no smoking policy inside the premises of the factory. This policy was followed like a religion, and heavy fines are imposed on employees who are found smoking within the factory building. Those employees who are chain smoker, as a result they go out from company premises for smoking which eventually leads to time wastage and also it effects company's production.

6.3. High Turnover Rate

Haier Pakistan is a good employer in the market, but HR officer added that Haier faces a high turnover among its workers despite its excellent reputation. He further tell me that the management is highly concerned about this trend as it slows the manufacturing process and incurs a lot of costs (*Annexure 4*). The company has tried hard to retain its workers, yet it cannot maintain its workforce. Like for instance the assistant manager of human resources explained that the majority of the laborers leave the job to work in the wheat fields on daily wages. These workers make a lot of money during the harvesting season and prefer leaving their job. Manger also revealed that the workers also get a yearlong supply of wheat from their vocational employers, which was the main driving factor for the workers to leave. But this was one example, however company was also facing the turnover of skilled staff ⁸.

In last overall summary (the issues faced by Haier and after 5, 10 years where is Haier)

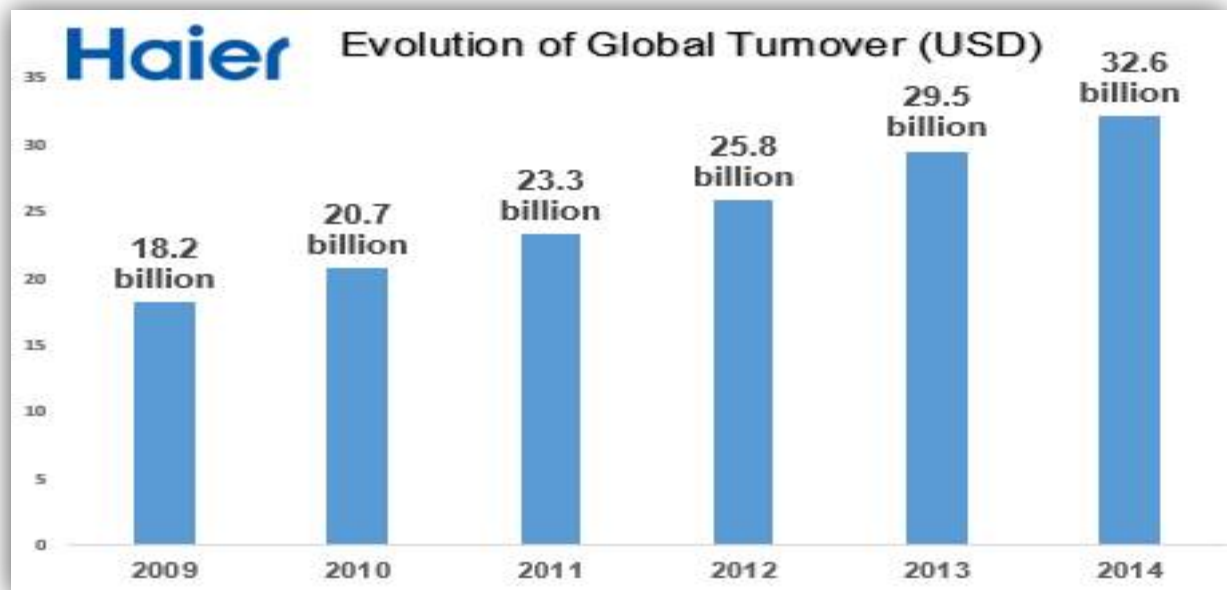
Haier is facing some issues like HR dept. is overburden, employee development policy issue, labor union issue, labour high turn over issue during harvesting season as well as skilled staff turn over issue. If the Co. doesn't address these issues then gradually its going to effect the company badly & it will bring the Co. in a place from where to get back will be really difficult because in the meanwhile other competitors take their market share.

Annexure

7. Haier.com. 2022. *Haier Blogs-Haier India*. [online] Available at: <<https://www.haier.com/in/blogs/>>

8. Slideshare.net. 2022. *Haier: Taking a Chinese Company Global*. [online] Available at: <<https://www.slideshare.net/MortezaAzari/haier-taking-a-chin>>

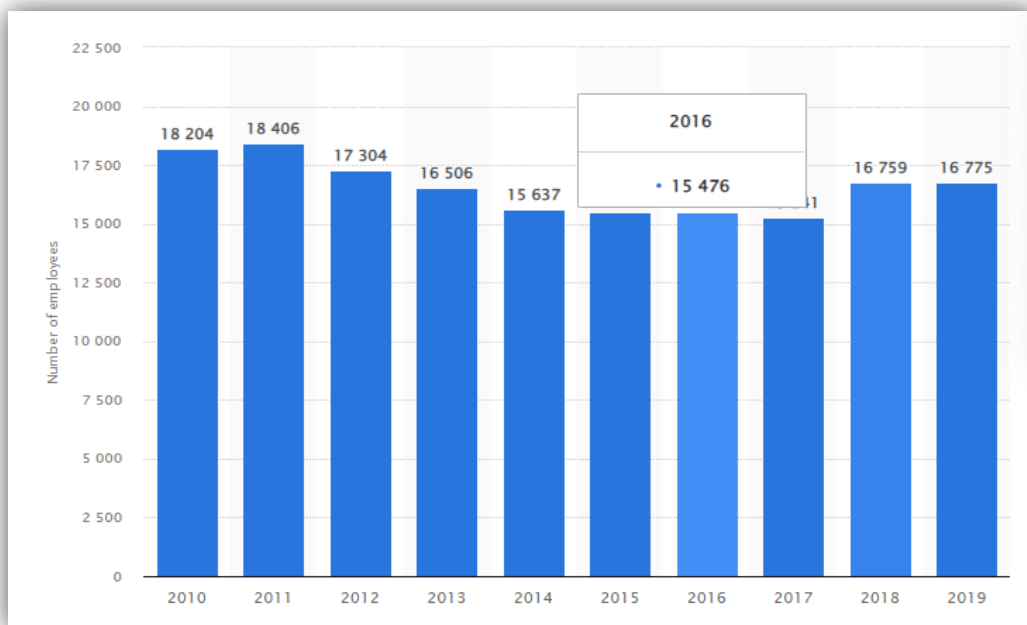
Annexure 1 : Haier's Evolution of Global Turnover



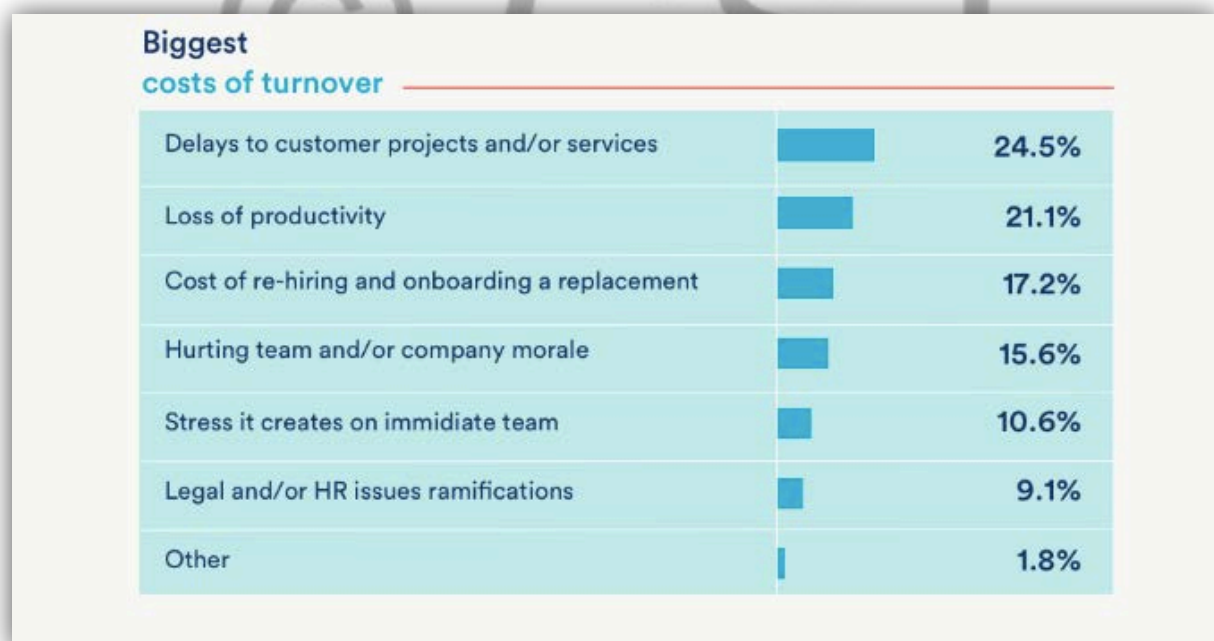
Anexure 2 : Haier's Retail Volume Market share in Global Husehold Appliance Market



Annexure 3 : Number of Employees at Haier Group of Companies from 2009 2019



Annexure 4 : Cost beared by Hair group due to high turnover rate



After this case study session, Student will be able to

- Understand how to formulate various compensation and benefits plans and their effectiveness to control the turnover rate
- Understand the non-Union organizations and importance of union management relations in terms of labour division

- The challenges of managing human resource in global business environment.

Understand the issue related to smoking policy, it's impact as well as its solution

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