

Vedio Link:

<https://web.microsoftstream.com/video/9250756d-cf42-4a54-b6af-4354f424059b>

Script:

Slide 2:

As one of the oldest steel manufacture, Ansteel was founded in 1916, and known as the cradle of Chinese iron and steel industry.

Being a State-owned corporation, Ansteel has a great contribution to the national public constructions like bridges and railways.

It made to Forbes in October 2018 as the “The World’s Best Employers”;

And in January 2020 it has won the award of “Chinese CSR Top 500”

Therefore, Ansteel is a great organization who is not only interested in its production, but also gives a great priority of its other stakeholders, and willing to achieve greater value by tying them together with the organization.

Slide 3:

Even though Ansteel has been contributed to public constructions by producing high quality steels for more than a century. However, Since 2008, the rate of capacity utilization in steel industry has been falling rapidly below 79%, both in China and globally (As it shows in the figure). By the time 2015, this number in China drops to 67%.

And This, indicates great production overcapacity in the iron and steel industry (Li and Hanaoka, 2020).

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Therefore, since 2016, Chinese government proposed a series of policies to reform supply-side structure to address the existing overcapacity, and reduce inventory, and find new drivers of economic and industry growth.

(Slide 5) After the series of policies, even though Chinese Steel production has been grown steadily, (Back to slide 4) the rate of capacity utilization in crude steel is back to 80% by 2019 (Which is one year earlier to achieve the goal that set in 2016).

Slide 6:

Meanwhile, the number of corporations in Chinese Steel industry has dropped from over 9000 in 2016 to 5175 in 2020. which means that almost half of the companies are bankrupt or being swallowed up by other companies within 5 years.

These figures indicates that even though the macro economic situation in China is getting better due to the application of supply-side structural reform policies, but the steel industry has been experiencing an extreme volatile 5 years. And those survivors are still seeking ways to get out of woods, administratively and strategically.

Even though it has survived from the industry reforming, Ansteel had to layoff over 60,000 employees (which is about 36% of the total staff).

Standing on the turning point of the organization transforming process, the way of human

resource management is crucial to the next 5 years' development as well as to the organization's long-term survival (Lawler and Boudreau, 2015). Therefore, align the HRM development with the company's strategy is important.

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The idea that Dave Ulrich (2001) proposed that HR should "add value to strategic planning and business results of organizations" has a great influence in Chinese HRM reforming.

As a well received theory among Chinese organizations that integrate HRM with their strategy, 3-legged model are more often seen in private corporations' HR management practice. As it can release them from existing fierce competition in their industry (Nankervis et al. 2015; Ulrich, 2016)

Even though, these organizations have implemented this model differently to their own specific situations (Rowley and Ulrich, 2013),

but one thing in common is that, many of them have practiced their HR management like recruiting, employee training, and position designing progresses toward to their strategic planning.

To respond to the policies of deepening the reform of HRM in state-owned enterprises, Ansteel's HRM has been experiencing massive changes in the last few years. However, this change has not stop yet. In the next part, this video will explain the HRM of Ansteel from 2 aspects: 1. its current HR management model, and 2. how can it play a part in generating competitive advantage over the next 5 years.

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To upgrade the HR system, Ansteel has applied e-HR platform that developed by Hinge (An HRM software supplying company that based in Beijing, and it has developed HRM Software for many great companies in China). and this platform is functioning with Ansteel Shared Service Centre, to eliminate basic routine HR paperwork, and improve the efficiency of HRM procedures.

Compare to a full 3-legged model, the HR management system in Ansteel is more like HR + SSC system. Although, there are information from the group show that the HR should understand the business operating and the employees' needs from first line,

however, there are no evidence shows that there is an HRBP department is officially formed in the organization.

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As for the centre of Expertise, Ansteel does have an HR strategy that align with the goal of its next 5 years (Boroughs, 2015), which including 3 parts: talent introduction; employee training , HR policies. However, this strategy has only addressed to part of the HR design like the performance and compensation management issues.

As the level of competition within the organization is lower than private corporations (Liu, et al., 2010), Ansteel start to apply 3P compensation model, KPI (Key Performance Indicator) and BSC (Balance Score Card) to motivate its employees and activate the competitive culture within the organization (Ansteel, 2016), this strategy has been received great results these years (Ansteel,

2019).

Slide 10

Considering the nature of the organization, the strategy of a state-owned enterprise is highly depending on the direction of the country's development. At this point, the aim of steel industry is no longer increase the production in quantity, but develop the quality of the production to fit the different requirements in construction. From this perspective, there are several aspects that Ansteel's HR can improve to generate and maintain its competitive advantage.

1. Improving quality of products requires technology advancement. The HR might need to consider providing higher-end training, and communicating opportunities for technique engineers and workers other than offering general courses.
2. As the quantity of production is less important at this stage, the Key Performance Indicators might need to be adjust to adapt to the new and more complicated situation. So that the employees in different positions can be well motivated.

As for the structure design or reform of Ansteel's HR function, the senior managers have expressed that the HR should support the firms strategy and be sensitive to the front line business.

However, due to the authority of HR department are limited by the nature and function of the firm to the country, the need of having a Centre of Expertise inside of the firm for a strategic reason is less strong than private corporations.

On the other hand, although, as a product that has a comparatively lower degree of differentiation, to improve the competitive advantage of Ansteel's products, it is still better for HR to understand and be sensitive to the needs of the market and clients. Setting up a proper HRBP department to add the business partner function would be helpful to broaden the market, both domestically and globally.

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