

Chapter 1

Introduction

Background and Significance of Research Problem

1. Background

Human resources management is the core element of enterprise development. People are the main body of the enterprise; humanized management, serving as its soul, provides endless power and capital. Humanized management is a management mode focused on human nature in the management process and is committed to fully leveraging human potential. Several theories are applied to management, and management follows the primary attributes of the human nature management philosophy (Chang, 2021, p. 45). Humanized management centers on human beings and involves managing employees in a personalized and respectful manner. Humanistic management is a people-oriented approach that aims to achieve profits to benefit humanity (Melé, 2003, pp. 3-14). Characterized by a focus on individuals and human aspects within organizational management, humanized management aims not only to achieve outcomes through people but also, more importantly, to focus on the individuals themselves (Melé, 2016, pp. 33-55).

After the Second World War, SMEs entered a phase of positive development and became an important factor in the world economy. In terms of size, the number and size of small and medium enterprises is increasing. By the end of 2022, the number of small and medium-sized enterprises in China will exceed 52 million, an increase of 51% from the end of 2018. It is projected that on average, 23,800 new enterprises will be established daily in 2022, 1.3 times as many as in 2018. SMEs are experiencing rapid development and growth, representing the largest and most dynamic group of enterprises, and acting as the driving force behind China's economic and social development (Xu, 2023). The Chinese government stresses that an enterprise's vitality is rooted in its employees' creativity and that a people-oriented management model enhances productivity, fully harnessing the motivation of competent employees. Currently, the competition between enterprises centers around talent acquisition, and high-quality human resources can yield higher economic benefits. From a long-term and sustainable development perspective, enterprises are increasingly recognizing that their core is 'people,' adhering to a people-oriented

scientific development concept. The concept of humanized management represents an essential trend in the development of contemporary SMEs (Nonaka, & Takeuchi, 2021, p. 54).

However, SMEs have been facing the problem of short life spans. According to the 2020 Chinese Enterprise Development Data Annual Report, the majority of SMEs have a lifespan of only 2.5 years, with merely 7% surviving more than five years (China's Economy Ignites a New Engine, 2021, pp. 13-18). This problem has garnered the attention of the government and associated departments, prompting the initiation of relevant research and studies. Improvements in the quality of China's SMEs could be achieved through enhanced management quality, particularly by focusing on humanized management. Many enterprises continue to adhere to the traditional experience management model, emphasizing pre-job skills training and the master-apprentice approach, due to its low investment requirements and swift outcomes at the operational level.

2. Significance

The study of humanized management in SMEs constitutes not only a theoretical innovation but also entails significant practical implications. The social development and regulation of our economy cannot progress without SMEs. The capacity of SMEs to operate effectively and sustainably in the long term is crucial for the country's economic strength and employment dimension. The following statement indicates the significance of the research problems.

2.1 SMEs act as a "facilitator" for the overall structural adjustment of the state economy. They can help adapt to market changes, adjust over time, promote economic development, and promote economic change and reform in times of recession. The role of SMEs as a vital catalyst is essential for developing countries.

2.2 SMEs serve as "incubators" for technological innovation. According to data, in the 25 years after 1925, more than 200 of the 317 science and technology projects in the United States were initiated by SMEs. By 2021, in terms of structure, the invention patent rates for large, medium, and small enterprises reached 47.1%, 54.6%, and 47.7%, respectively. This marked an increase of 1.2, 8.2, and 1.6 percentage points, respectively, over the previous year.

2.3 SMEs contribute to solving employment problems for the country and increasing the employment rate in society. From a micro perspective, the advantages of SMEs include low investment, low technical requirements for the labor force, low wages, a versatile business model, and an essential channel for the unemployed and new laborers to work. In developed countries, the share of employed people in SMEs

is 70-80%. Regarding asset investment, SMEs account for 17% of assets, but their significant employment rate is 74%, a figure 15 times higher than that of large enterprises. Data from the State Administration of Market Supervision shows that individual entrepreneurs alone can solve the employment of 276 million people in China, and SMEs will be even more helpful in absorbing people to be employed (Wang, 2022, pp. 181-183).

This research utilizes practical examples from small and medium-sized technology enterprises in Bishan District for comprehensive analysis, summary, and argument. It serves not only as an exploration of humanized management knowledge but also as a catalyst for the transformation of enterprise practice. Moreover, it addresses the existing problems in the humanized management of SMEs, conducts a factor analysis of humanized management, and provides guidelines for business owners to solve those problems.

Research Objectives

1. To study the problems in the humanized management of small and medium-sized technology enterprises in Bishan District, Chongqing.
2. To analyze the factors of humanized management in Bishan District, Chongqing.
3. To propose guidelines for improving the humanized management of small and medium-sized technology enterprises in Bishan District, Chongqing.

Scope of the Research

The focus of this research primarily lies on small and medium-sized technology enterprises in Bishan District, Chongqing Municipality. The research comprises three parts. Initially, 8 CEOs/managers of small and medium-sized technology enterprises in Bishan District were selected for interviews. They were interviewed via telephone calls to understand the current problems they encountered in humanized management. Second, four hundred online questionnaires were distributed to collect responses from employees of small and medium-sized technology companies in the Bishan region. The results of the analysis were used to analyze the factors related to human resource management. Third, 3 experts were interviewed once the problems and factors related to humanized management had been identified. Consequently, guidelines were developed subsequent to these interviews.

Conceptual Framework

The conceptual framework comprises three parts, as illustrated in Figure 1.1. The analysis of the problems currently encountered by SMEs was conducted qualitatively through interviews with 8 CEOs/managers of small and medium-sized technology enterprises in Bishan District. Thematic analysis was employed for this data analysis. Subsequently, nine factors of humanized management derived from Theory Y, Theory Z, and Leader-Member Exchange Theory—including self-control, recognition of an employee's potential, responsibility, employee participation, working relationships, team cohesion, mutual respect, leader expectations, and team support—were identified for confirmatory factor analysis (CFA). Lastly, the identified problems and the results from the factor analysis will be utilized to conduct a qualitative analysis with three experts to develop appropriate guidelines for humanized management.

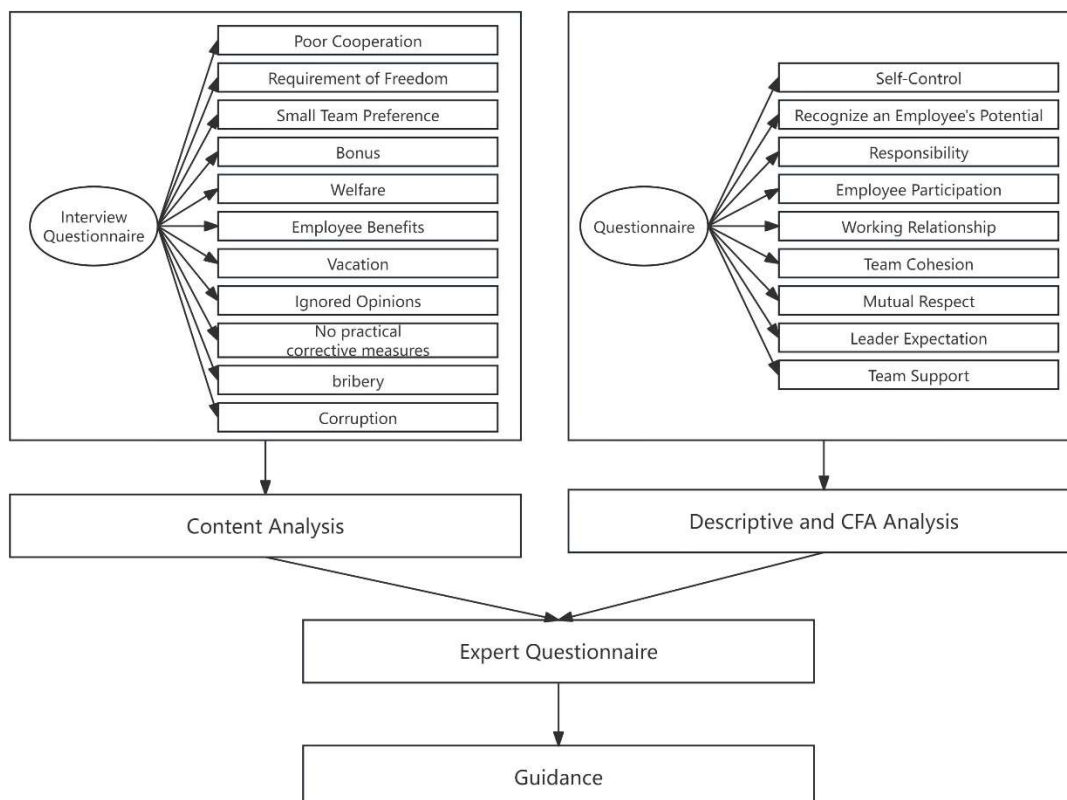


Figure 1.1 Conceptual framework

Definition of Terms

1. Humanized management

Humanized management centers on human beings and manages employees in a personalized and respectful manner. It represents a novel strategy to manage "stability and change," grounded in the study of human psychology and behavioral laws. The application of non-compulsory methods within the minds of employees is utilized to generate persuasive potential, transforming the organization's objectives into individual conscious actions (Liu, & Tian, 2021, pp. 60-61).

Humanized management exhibits a significant internal drive, primarily operating on human psychology and capitalizing on the inherent potential and innovative spirit within individuals. It does not solely attribute emphasis to the dynamics of power. In small and medium-sized enterprises, there exists a combination of knowledge, power, management, and human nature. The implementation of humanized management in SMEs should focus more on the subjective initiative of enterprise staff, entailing the cultivation of the staff's innovative spirit and self-discipline.

2. Small and Medium-sized Technology Enterprises

Technological SMEs are defined as small and medium-sized enterprises that employ groups of scientific and technical personnel for scientific and technological research and development. Its goal is to promote sustainable development by taking exclusive intellectual property rights and turning them into advanced technology products or services. To be classified as a small or medium-sized technology enterprise, the revenue should not exceed 10 million Chinese Yuan (RMB), or the total number of employees should not surpass 300.

3. Research variables

This research incorporates several theories under human resource management, including Theory Y, Theory Z, and Leader-Member Exchange Theory. The following variables, derived from those theories, are defined by the researcher as follows:

Self-control: The ability of an individual to consciously restrain certain behavioral tendencies or impulses by adjusting behaviors, thoughts, and emotions.

Potential: Refers to a person's latent ability and power, specifically the inherent, yet unfulfilled, strength or capability.

Responsibility: The willingness to accept accountability for one's actions and decisions, characterized by the courage to confront responsibilities and engage in appropriate behaviors.

Employee Participation: The degree to which employees are actively engaged and contribute proactively to the organization.

Work Relationships: The nature and quality of interactions between individuals in the workplace.

Team Cohesion: Refers to the degree of attractiveness of the team to its members, encompassing the members' affinity towards the team and mutual attraction among team members.

Mutual Respect: In interpersonal interactions, entails the mutual acceptance of each other's existence and differences. This concept encompasses a non-self-centered approach and respect for each other's rights, interests, feelings, and personalities, while also expecting similar respect in return.

Leader Expectations: The expectations held by leaders regarding the performance, competence, and commitment of their employees.

Team Support: The process through which team members collaborate to accomplish tasks. This process aims to enhance team cohesion and productivity.

Expected Benefits

Currently, more small and medium-sized technology enterprises are facing significant management challenges. Through questionnaire interviews and surveys, our objective is to identify the issues related to humanized management within small and medium-sized technology enterprises in Bishan District, Chongqing Municipality.

Subsequently, we plan to develop guidelines based on expert interviews with the aim of assisting enterprises in addressing their management challenges, optimizing the realization of enterprise value, and contributing to relevant research.