

Info #1, Shanghai, 7th May 2008

Dear Partners, Dear Friends,

We take the opportunity to inform you about two important elements that we hope may be of use to your business.

Due to the approaching Beijing Olympics, a new application procedure for all **entry visas** for China has been released on April 14, 2008. It is valid from April to September 2008 ([see below for details](#))

In recent years the continued influx of foreign investment, especially the rapid development of players in the higher-tech industries and service sector, has made **HR Management the most significant bottleneck to successful business starts and growth in China¹**.

The China Human Resources Paradox – Dealing Successfully with People Shortages in the Land of Billions (a joint project of the Swiss Center Shanghai, SwissCham China, the Swiss Chinese Chamber of Commerce and OSEC executed by CH-ina) addresses key issues of recruitment, retention and management of people in China ([see below for details](#))

New - more restrictive - China Visa Application Procedures Business (F) visas (all nationalities):

In addition to preparing the usual company Invitation Letter, the inviting company must first obtain a **Visa Application Notice** from the related foreign affairs or foreign economic relations bureau in China.

In Shanghai, information can be obtained from:

- The Shanghai Foreign Relation and Trade Commission
Add.: No. 55 LouShanGuan Road, 11th floor, Shanghai
Tel.: +86 021 6275 2200 ext 265
<http://www.smert.gov.cn/gb/2/node498/node573/node574/index.html>
- Shanghai Foreign Affairs
Add.: 328 Niu An Plaza, No. 258 TongRen Road, JingAn area, Shanghai
Tel.: Phone +86 021 6256 5900 ext 1557 or 1565
<http://www.shfao.gov.cn/wsb/node111/node130/node132/index.html>

The shortest lead time of processing the Visa Application Notice is **three (3) working days**.

¹ See 'Behind the China Kaleidoscope – A Guide to China Entry and Operations' on www.chinaguide.ch

Also newly, Chinese diplomatic representations require **hotel reservations and round-trip tickets**

Tourist (L) visas:

Newly, proof of **hotel reservations and round-trip tickets** are compulsory in applying for a Tourist (L) visa.

Visitors who were previously allowed to visit China for less than fifteen (15) days without a visa (Singapore and Brunei citizens, for example) must now apply for an F or L visa.

To ensure a smooth visa application, kindly double check with the Chinese Embassy or Consulate in your home country as requirements may differ.

The China HR Paradox: People Shortages in the Land of Billions! **A recent survey on China's HR environment**

While unemployment is still growing in the unskilled segment of the market, demand for personnel qualified for foreign enterprises outweighs supply, resulting in an average yearly employee turnover of 13.8% in foreign enterprises, while salaries paid by these companies are increasing at an average rate of 8.4%.

Surveys have portrayed Chinese as the people in the world with the most positive outlook on their future. **Joining the Big Race for a Better Life** for oneself (or at least for one's children) is the overarching focus and goal of the modern Chinese.

The Swiss-China HR Management Survey shows that, with an average annual employee turnover of 11.9%, Swiss companies are not spared from China's HR challenges. Yet, success stories of Swiss pioneers operating profitably at turnover rates of 3 or 4% per year, allows the identification of how to attract, manage and retain good employees:

- Qualified and capable Chinese want to 'Win the Big Race': they have high expectations on the development of their career and life. They do not change jobs for an incremental package increase offered by another company, **Chinese change jobs because they do not see a sufficient chance for their next career step with their current employer.** (And the significant package increase that goes with it) As a result, providing opportunities for personal development, training and career opportunities is one of the two keys to retain valuable staff.
- Since life is so filled with the work focus and work takes so much time of the life of a Chinese, they want to do a work that is part of a happy life: the second key to retaining is **generating a friendly work atmosphere and creating the sense of belonging to the company as a happy social team.**
- To stay competitive, HR management champions devise incentive and **performance management systems directly linking income to employees' evaluation of their activity, behavior and results in the company.**

The China Human Resources Paradox

Dealing Successfully with People Shortages
in the Land of Billions

Based on the results of the Swiss CHina HRM Survey
with an extensive set of case studies
of successful companies and expert articles



For more HR search, selection, assessment, and recruitment related strategies and information, do not hesitate to email us at info@ch-ina.com

This information is provided by a recent study introduced below, “The China Human Resources Paradox – Dealing Successfully in the Land of Billions”. For more information or inquiry of this publication, please email info@chinaguide.ch

The China Human Resources Paradox – Dealing successfully with People Shortages in the Land of Billions

As a joint project of Swiss Center Shanghai, SwissCham, Swiss-Chinese Chamber of Commerce and OSEC, this study gives an accurate overview on human resources management in China, based on an in-depth analysis and experience of Swiss companies. It illustrates best practices for the successful recruitment, management and retention

of Chinese workforce, provides practical information on the new labor legal framework as well as a detailed analysis of China’s job market, its trends and future developments.