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What Caused the Shortage of Labour:

Examining the Recruitment and Selection in the Internet Financial Industry in China

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Abstract

Since the recent rapid development of the Internet financial industry in China, many emerging companies in the industry, their human resource management departments in particular, have been faced with the challenge to recruit and select suitable employees based on industry development needs. The labour shortage of competent personnel may seem more severe than before, and problems in the recruitment and the selection process have been exposed more than ever, which also brought with challenges and opportunities in the development in recruitment and selection theory and practice, especially in the emerging industries. Based on focused interviews from eleven human resources practitioners in the Internet financial companies, this paper examined the status quo of the recruitment and selection situation in the Chinese Internet financial industry, and analysed the reasons for the shortage of talents. Results reveal that there are four factors in general which could affect the recruitment and selection processes, including the recruitment channel, staffing structure, management policies and industry background. It is suggested that the Internet financial industry should actively expand and diversify its recruitment channels, whilst continue paying close attention to the changes of relevant talent markets in order to obtain and retain the required personnel.

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1. Introduction

The Internet financial industry is inseparable from the progress of social needs and the rise of science and technology; it plays a key role in the development of the financial industry at large (Yao, 2014). The rise of Internet finance were the results of the developments made due to the social demand, and the characteristics of the industry which relied on the Chinese cultural, social and technical background.

First, advances in information and network technology have facilitated the rapid development of the Internet financial industry in providing the technical foundation. Technical breakthroughs have encouraged a sudden growth in the development of the Internet finance industry because a new generation of information technology, including cloud computing, search engines, social networking, big data and mobile payment, continue to enable the rise of the Internet financial industry (Yao, 2014).

Second, the virtual economy, especially the rapid development of e-commerce for Internet financial development, provides an economic background. The development of electronic commerce has penetrated deep into Chinese industrial and agricultural production, business trade and community service (Schneider, 1952). At the same time, electronic commerce has noticed the uninterrupted amalgamation of the network economy, showing a clear trend of cross-border cooperation and global expansion. The sudden development of electronic commerce has caused an urgent need for a convenient way to pay online, and this has facilitated opportunities for Internet financial development to diversify.

Finally, the accumulation of innovative financial services models, such as third-party payment, P2P, crowd funding and others, provide a historical background for the rapid development of Internet finance (Yao, 2014). A large number of Internet innovation companies have accelerated their integration between traditional financial institutions and Internet companies, setting off the Internet finance era.

The financial industry considers talent as its primary resource, and personnel development plays an important and crucial role in the construction of this industry. With mobile Internet permeating into the traditional financial sector, cross-industry and innovative financial talent is very scarce in the talent market. At the thirteenth China International Talent Exchange Conference, researchers announced that the talents of the traditional financial industry have greater mobility, but the labour shortage for product research and development

as well as risk control was evident in the emerging Internet industry. The talents for new product development, professional web promotion and wind control aspects are very scarce and Internet finance companies face constant difficulties in hiring professionals. Currently, this talent shortage is a challenge that the Internet financial industry needs to deal with. The common approach is for the Internet financial personnel, generally from the traditional financial sector and e-commerce industry to switch over, however, these people generally lack the Internet thinking mode and it is difficult to adapt to the new financial products which are exploited in this new situation. Thus, the Internet financial industry requires better development in the future and the recruitment and selection of the right talent has become a very important step.

According to the above, the recruitment and selection of Internet financial sector talent is important for, and relevant to promoting this industry's development. This paper therefore focuses on analysing the labour shortage in this industry; From the perspective of industrial strategic development, to the possible impact of human resources recruitment and selection, to whether the industry talent demand in the labour market will become an important reserve resource of industry development, or not? Whilst addressing the development of the emerging industry, this paper will look at the reasons behind the recruitment difficulty in the Internet financial industry, and hopefully establish its causes.

2. Literature Review

2.1 The recruitment status of the Internet financial industry in China

With China's economic development, its peoples' material and cultural life and values in the country have shifted, which is directly reflected in the major changes in the demands of work. People have undertaken a conceptual transition from "work equates to livelihood" to "people want to gain a higher quality of life and to realise the value of life". Therefore, in order to adapt to this change, the Internet financial industry needs to improve its employer image (Zhongpin Inc., 2007). In China, the employment relationships are now based on corporate policies and practices, which include paying more attention to building new relationships between employers and employees, encouraging enterprises to be more open and providing more humane treatment of employees; changing this employment relationship is a result of business development process. The best employers should not only give employees the

material aspects of rich rewards, but also should keep up with the times in order to give employees a better workplace environment and promote harmonious and healthy workplace relation (Zhongpin Inc., 2007).

More and more enterprises entering the field makes for an increasingly competitive industry, so lack of professionals is a serious problem being faced by many Internet companies. A large number of high-paying job advertisements confirm the extent of the shortage of Internet financial professionals (Liu, 2015). A 'One Securities Daily' correspondent reports that at present, three kinds of professionals are needed in Internet financial firms. The first category is the network technician. Their work is mainly responsible for the development of PC clients and mobile clients, while practitioners need to have a strong network expertise. The second category is the professional financial staffs. They are responsible for the quantitative data analysis and financial product design. The third category has the greatest demand: These are the operating officers in this industry (people.cn, 2015). According to the "2014 Internet Financial Industry Talent Shortage Report" from Puxin Research Institute (PRI), product managers and operations managers are the most in demand; other industries just have a few scarce jobs around 70%. Nevertheless, there is more than a 70% scarcity rate for 10 positions in emerging Internet financial industry (Puxin Research Institute, 2014).

Although the Internet financial industry originated from the traditional financial sector, there is a big gap between the talent recruitment requirements. In China, the financial industry wages are far higher than those of other industries; furthermore, the Chinese financial salary growth rate is much higher than the level of developed countries. In the United States, the salary growth rate of the financial industry was 2.85% in 2013, while the growth rate of China's financial industry pay was 11.04%, almost four times that of the US salary growth rate. China's financial sector salary growth level slowed in 2014 to only 8.65%, but this was still nearly 2.6% greater than the US financial sector pay growth (CFA Institute et al., 2016). High-wage industries encourage primary employees into the financial industry, but the talent demand is mainly among the high-end complex talent and creative professionals. From the view of the talent type, the traditional financial industry practitioners pay more attention to local experience, while the Internet financial industry, prefer returning talent. Through an interview survey it was found that Internet financial companies prefer to recruit employees who have completed undergraduate studies in China and then studied abroad (CFA Institute et al., 2016), because these employees are better at adapting to the

local corporate culture compared to the overly Westernised returnee personnel, they also have an international perspective and overseas experience.

2.2 The influencing factors of recruitment on the Internet financial industry

Personnel recruitment is an important process for every organisation. Staff recruitment refers to the scientific methods applied by organisations to find and attract candidates and to choose the personnel to be hired for the enterprise process (Parry, 1994). In accordance with the requirements of the business strategic planning excellence, organisations should be recruiting the right people into the business, putting the right people in the right positions (Gold, 2012). There are three crucial stages in the recruitment process (Still, 1985): In the first phase, companies need to engage the attention of potential applicants through job applications or interviews by undertaking a series of propaganda. Companies need to fill the reserve pool of talent resources, helping the organisation gain more options in the next phase (Still, 1985). In the second phase, the organisation can make choices based on the actual capacity and career-matching rate. During the third stage, according to the ability of the admitted employees, organisations need to implement talent management.

Traditional approaches of recruitment and selection tend to attract a lot of candidates to fill the talent pool before selecting applicants who match the job descriptions and personnel specifications according to the formulated standard (Gold, 2012). The Internet financial industry also needs to learn from these methods. The enterprise should consider local conditions in the job recruiting process, including external and internal factors.

The external factors include national laws and regulations, external labour market, and competitors. Laws and regulations not only play a regulatory role in terms of citizens' behaviours on a daily basis, but they also have the function of limiting the enterprise recruitment process (Rashmi, 2010); this normally defines the outer boundary of the corporate recruitment activities (Monowar, 2015). For example, there are legal provisions in Western countries that outline that enterprise recruitment information cannot be related to the special provision of gender, race and age, unless there is a proven professional need. An example from China shows that the Beijing municipal government have regulations stressing that companies cannot impose unfair conditions. For example; "Only Beijing registered permanent residence" in their recruitment information. These kinds of conditions can hinder business recruitment activities.

Job recruitment, especially external recruitment, is mainly in the external labour market. Hence, the situation of supply and demand in the labour market will affect the result of recruitment. When demand exceeds supply in the labour market (Rashmi, 2010), companies find it more difficult to attract prospective employees (Hayton, 2015). Contrary to this, when supply exceeds demand in the labour market, companies find it relatively easy to attract talent. In order to analyse the impact of the external labour market, organisations need to divide candidates depending on specific job levels and types of jobs. From the available information, analysis of the external labour market is still not perfect in the Internet financial sector.

During the recruitment process, competitors are a very important factor (Rashmi, 2010). Candidates often make the final decision after undertaking comparison; if the recruitment condition of the organisation is very different from its competitors, this will affect the organisation's attraction level. Therefore, organisations need to undertake a comprehensive comparison between their strengths and those of rivals before recruitment, seeking to maximise their comparative advantages (Zaharie & Osoian, 2013).

The internal factors include enterprise brand image, recruitment budget and enterprise policy. Some companies from traditional industries with a preferred image and position have certain advantages in human resources recruitment (Rashmi, 2010). Employer branding, as a term of recruitment and selection, is a very essential factor in the recruiting process (Gold, 2012). Jeff Gold considers that "good employers" (Chartered Institute of Particular and Development (CIPD), 2005) can attract more talents to work for their industries and companies (2012). For example, in 2000, the US "Fortune" magazine created a ranking system and Cisco Systems was elected the most attractive employee in the information industry. Therefore, most job seekers will prioritise their choice based on the corporate image of the company when they are applying.

Recruitment activities entail certain costs; the corporate recruiters' budget also has an important impact on the result of recruitment (Rashmi, 2010). Enterprises with adequate recruitment funding can select more recruitment methods and expand the scope of recruitment. The recruitment method of the business also reflects the payment of salaries. Higher salaries and better benefits will attract even more talented inflow of people into this industry. Insufficient funds, on the other hand, will limit the capacity to choose high calibre talent in the recruitment process.

Enterprise policy also has a direct impact on the business of recruitment activities (Rashmi, 2010). Generally, enterprises always have two recruitment channels in the hiring

process, internal recruitment and external recruitment. Recruitment channels will be selected depending on their enterprise policy. Some companies tend to use internal recruitment, but other companies are more inclined to use the external recruitment. If organisations focus on external recruitment, they will still need to consider two aspects: the campus recruitment and the social recruitment.

Admittedly, recruitment problems exist in many companies due to various different factors. For example, companies require workforce planning as much as possible to attract a large number of candidates to ensure differences in talent. In the case of posting unexpected vacancies in the organisation, the human resources manager should ensure adequate labour conditions and avoid wasting the cost of hiring the "wrong" employees (Newell, 2005).

2.3 The problems of recruitment and selection in China's Internet financial industry

In recent years, the news that the Internet financial sector hires professional administrative and technical personnel is often reported in newspapers. P2P network loan companies have paid more than three hundred thousand pounds to hire product managers and risk control personnel. In this regard, the Internet financial industry needs new talent to inject into the current talent gap (Studer, 2014). PPMoney, Zhongguancun Internet Finance Institute and Beijing University Internet Financial Research Institute are research leaders in the Internet financial industry; they have issued a circular expressing their willingness to pay higher salaries and offer a good welfare policy in order to recruit senior management personnel and research staff. With the development of the Internet financial industry, the problem of talent shortage has become increasingly serious. In this respect, recruitment via various recruitment channels has become the strategy that Internet financial companies cannot ignore. Recruitment in the Internet financial sector is divided among the use of four channels: campus recruitment, poaching, online recruitment and social recruitment. However, the actual effect of these recruitment channels highlights several recruitment problems.

In the early days of the Internet financial industry, candidates did not fully understand the concept of Internet finance during the campus recruitment process (Deloitte, 2016). In 2015, the government of China made a significant effort to support this industry, and as a result the Internet financial industry entered a golden period of development. Subsequently, college graduates have come to understand the concept of Internet finance. However, there are still some scholars who believe that Internet finance reflects some potential unstable factors.

These scholars believe that Internet finance may be out of the real economy; although high level technology is used to realise the innovative business model, there are still regulatory loopholes (Jeffery, 2015). The P2P network lending platform doesn't have a review of information security, which leads to the presence of illegal fund-raising. Therefore, the police have reminded people to be prudent in verifying the reliability of Internet financial companies. As a result, in the Internet industry, the risk factors have become an obstacle to practitioners entering the industry. The Internet financial industry needs a stable financial profitability and return rate; at the same time, it also needs to improve its business model. The industry needs to repair its unflattering reputation and establish its own brand image. The new model for this industry must ensure that talented professionals are proud to work in these companies (Studer, 2014).

The supply of professionals and an incomplete training system have not been able to meet the rapid development of the industry; therefore, most Internet finance companies used poaching in the early phase. This involves the use of high-salaries and equity incentives to attract talents from traditional banking, insurance, Internet and other industries (Deloitte, 2016). Therefore, many bank executives and Internet industry professional managers have quit emerging Internet finance companies. Furthermore, as a new industry, the overall high pay levels have led to too much pressure from higher labour costs. The core position pay depends on negotiations between the parties, and this often leads the company to undertake passive recruitment. Therefore, hiring executives from other industries is a complementary talent strategy. With the development of the Internet financial industry, the industry needs to establish a healthy talent echelon.

3. Research methodology

In order to explore the reasons for recruitment difficulty among the Internet financial sector, and considering the industry development status in China and social reasons, some particular in-depth information needs to be collected from those involved. The eleven respondents selected are all relevant personnel who are familiar with the procedure of recruitment and are selected from the three Internet financial companies in China; five of the respondents currently work in human resources recruitment and selection, and the remaining six respondents are job seekers who have applied for Internet financial companies. They all come from cities across China with a well developed Internet financial industry, and they all

have a good educational background; they can accurately express their views on the industrial recruitment and selection according to their own experiences and observations.

The Three Internet financial companies referred to in this research are companies who have a certain social influence in the Chinese Internet financial industry. What follows are the specific conditions of these three companies. First, Alibaba Group's Ali Finance Company is a microfinance business division of small micro-financial services, which is responsible for financing all its subsidiary platforms. This company was founded in 2009, mainly for small and micro enterprises and individual entrepreneurs to provide micro-credit business. In less than a year after its establishment, the company's total lending was more than 10 billion RMB (about 1.14 billion pounds). It has more than 300 employees and the scope of work is related to product development, marketing, risk assessment...

Second, PPmoney is a P2P net loan platform launched in December 2012 and based in Guangzhou; it has 450 employees, and is operated by Guangzhou WANHUI Investment Management Co. Ltd. It has a registered capital of 30 million RMB (about 3.4 million pounds). Founded more than three years ago, the cumulative turnover has reached 24.2 billion RMB (about 2.7 billion pounds) and its registered users exceed 500 million. The company helps users earn an income of over 400 million RMB (about 45 million pounds) and does not appear to have any bad debts; it was named in the national top three platforms in this industry. It's worth noting, that PPmoney's average daily turnover accounts for 70% of the Guangzhou market turnover, and the mobile terminal transactions account for 80% of overall turnover.

Third, Rong 360 (Beijing Rong Century Information Technology Co. Ltd) is a new online financial services company using big data and search technology to provide recommendations and application services for financial products to individual consumers and small and micro enterprises. Rong 360 also provides users with convenient, cost-effective and secure financial information services at no charge. Hundreds of bank financial products can be visually presented to the user on this platform. From October 8th, 2011, to the present, the number of employees has grown from the original Rong 360. It started with ten people, and has now nearly Seven-hundred people. The company has developed into the largest platform for financial products "recommended + search + service", covering nearly 300 cities in China, and providing PCs and mobile terminal services for free. The number of users has amounted to 12.3 million in four years, and the approved amount of credit application is nearly 3000 billion RMB (about 340 billion pounds). The number of searches is nearly one

billion each month and as a result Rong 360 has successfully created the first entry-level financial search service.

The interview framework is designed around nine open-ended questions (*see Appendix 1*) and provides ample space for interviewees to express their own opinions on the human resources recruitment issue. These interview questions are designed to be dependent on the results of the literature review and the purpose is to explore the experiences and ideas of industrial stakeholders. According to these nine questions, interviews are conducted with related recruiting personnel and candidates who have been involved in the hiring process in the Internet financial industry. Recruitment related personnel are interviewed in order to gain more information about the firm's recruitment policy and team-building strategies, while interviews with candidates provide a deeper understanding of the candidates' psychology with regard to the actual recruitment process and the specific challenges. Therefore, the interviews are divided into two parts, in order to conduct a comprehensive analysis of this social problem from the talent supply and the talent demand perspective. The respondents selected are from different Chinese Internet financial companies and different positions related to recruitment. Therefore, their views and experiences reflect the authentic situation of recruitment in the Internet financial sector.

4. Results

4.1 Recruitment channels

Ali Finance relies on her parent company, Ali Group. Having a good reputation helps; the company has therefore rarely been short of job seekers, however, there has also been some confusion in the human resources recruitment. When asked about the recruitment channels of Ali Finance, one HR Recruiter said:

> *"There are two main reasons that can influence the recruitment effect: recruitment channels and recruitment needs. Almost all companies are not satisfied with any recruitment channels, so companies' human resources departments often lament recruitment difficulties. More candidates are bullish on the prospects for Alibaba group, and therefore companies' campus recruitment and online recruitment usually receives a lot of application materials, but the recruitment effect is not very good. Although the campus recruitment is in favour of long-term development and updated knowledge of human resources, they lack work experience, and do not know their*

career self-positioning. Campus recruitment may lead companies to take the risk of larger job mobility."

From this perspective, despite the fact that the good reputation of the company can attract a large number of job seekers through the Internet and campus recruitment, screening the outstanding candidates is still a challenge that HR needs to face. Although many jobseekers bring more choice to companies, there is also an increase in the time cost of the recruitment process. One suggestion by a HR Recruiter in this regard, said:

"The method of recruiting candidates' needs to be adjusted from the traditional way of thinking of a buyer's market mirroring selection of personnel like, marketing "positioning". The recruitment process needs to consider recruitment requirements, not only be concerned with the number of candidates."

For Rong 360, HR staff member Mr Chen suggested that recruitment mainly depended on unified social recruitment in spring and autumn. Graduate recruitment and summer temps can get through campus recruitment; this recruitment channel is adapted to recruit for some professional staff positions and special technical posts. These employees have a strong plasticity when they are in the workplace; they quickly become familiar with the business and adapt to the environment. If the company wants to recruit some senior positions, Mr Chen said that Rong 360 usually carried out such recruitment with the cooperation of professional head-hunters.

"Recruitment occupied most of the work time in the human resources department, this process takes time and energy, but the effect is not obvious. Hence, HR likes to maintain a cooperative relationship with professional head-hunters, thus enabling the recruitment efficiency to improve a lot. The characteristics of employees who are headhunted have rich work experience in management or professional skills, or they are relatively rare talent in the industry, and even in the corresponding position. In addition, the company's senior positions are generally on-job employees; open recruitment will affect their enthusiasm for work."

Although recruitment through headhunting saves time and improves the quality of the candidates, effective access to personnel requires higher recruitment costs. This is generally entrusted to professional headhunting firms; the principle cost is 30% of the hunted talent's annual salary. Therefore, Mr Chen did not consider this recruitment channel suitable for a wide range of applications.

For PPmoney, social recruitment and campus recruitment are still the main recruitment

channels. Its co-founder Hu said:

> *"Social recruiting is a common recruitment channel, the approach of employee referral has been more widely used in domestic and foreign enterprises, and the Microsoft Company has said that 40% of the employees are obtained through the method of employee referrals."*

The main reason why the employee referral method is popular is that there is often a similarity between the candidates recommended and the existing employees. The quality and ability of recommended talents are more reliable, and after a referral by two-way communication, some rigid requirements of professionals and the status and development prospects of enterprises will have a very comprehensive understanding (Nilsson et al., 2016). As a result, this saves a lot of communication and contrast costs, and will bring a relatively high success rate of recruitment. Mr Sun, who is responsible for employee recruitment at PPmoney, said

> *"Our PPmoney internet platform has also introduced 'Million hunting talents' recruitment plan, as long as recommended talents were selected by the company, the referrer will get a lot of money as a bonus - 30,000 RMB top prize. The reward focuses on product category, technology type, operational class and other talent gap larger positions."*

It can be seen that the recruiting directors of PPmoney are more inclined to use this method; they think this approach can save costs, lead to recruiting personnel of high quality and a relatively low turnover rate. However, they did not discuss some of the negative impacts of employee referral channels, for example. And the actual cultural background of Chinese society will affect human resources recruitment. Some internal staff may just want to seek a job opportunity for their friends and family members; they do not necessarily consider whether the recommended person is qualified or not. Even worse is that some employees or senior leadership in the company just want to cultivate secret support, hence they arrange for their friends to be in some important positions in the company. The formation of several small groups will affect the company's organisational structure and normal functioning

4.2 Staffing structure

The rationality of staffing structure not only affects the entire team working efficiency as well as each employees working attitude, but also the motivation of potential employees to join in this industry (Wood, 2013). Ali Finance's management staff member Mr Zhang provided a specific answer to this problem about employee structure rationality:

> *"There are currently more than 300 employees in Ali Finance, more than one-third are IT technology developers, nearly one-third are the data analysts, and the remaining one-third are client managers, financials and other positions like traditional banks. This kind of personnel structure cannot be seen in the traditional financial institutions. Certainly, traditional bank also cannot surpass the daily lending of on average nearly ten thousand times more in Ali Finance."*

The job is split into several steps, each independently undertaken by one person, so that the job achieves specialisation. Employees engaged in specialised work will increase their productivity (Wood, 2013). Internet finance is more competitive in work efficiency than traditional banks; the main reason for this is the unreasonable industry employees assigned. Ali Finance is very aware of this. In addition, the echelon of talents is also a very important, providing strong support for the improvement of personnel structure. Mr Zhang commented further about Ali Finance's practices in talent echelon building.

> *"Adjusting the structure of Ali Finance is a reformation that we must go through when we face development in the future, but it also means the beginning of young Ali's era. We have seven younger managers who were born after the 80s hold key management positions."*

Mr Zhang's answer may identify that Ali Finance has a good plan for talent, but when the company has a vacancy for whatever reason, Ali Finance can ensure the right person will take over this position. Quickly resolving the issue of talent change is not only good for carrying out work, but also builds a good company image of fresh talent, which will help to hire first-class talent. When asked about what kind of staffing structure is used in Rong 360, its co-founder Mr Lu said:

"Nowadays the talent proportion between financial professionals and Internet talents is 1:1 in Rong 360. Of the department leaders who report work to me, almost all have experience working for banking operations for over 10 years. Therefore, we do not rush to find top talents in the banking industry."

Although the Internet financial industry is an emerging industry, it is clear that a wealth of relevant work experience is still a necessary part for the talent composition of Rong 360. Furthermore, the proportion of each type of talent is relatively balanced in the entire company. PPmoney reveal similarities to this:

"PPmoney currently have 450 employees, including 32 people in operations centres, 40 people in air control centres, 81 people in business centres and 95 people in technical centres. The internal staffing arrangement of our company is balanced very well."

4.3 The policy of human resources management

The company's policies for human resources management directly affect recruitment (Collings, 2012). Therefore, if the enterprise wants to attract more talents, they have to adjust their policies of human resources management. When asked about the management policies of Ali Finance, Ali Finance staff member Yong Zhang said:

"Ali Finance will use 40% of the shares to motivate all employees from Ali Finance and Ali Group, serving employees will receive shares of Ali Finance. Alibaba founder Jack Ma as one of all employees, will hold certain shares, but his stake will not exceed 7.3%"

This management style of the employees having stock ownership is rare in Chinese enterprises. With regard to the company's main reasons for all employees having stock ownership, Ali considers it a healthy, efficient and sustainable shareholding structure that is shared together with its employees, partners and customers. When the interests of stakeholders are met, this is more conducive to maintaining a long-term development and

stability of talents (Longenecker & Fink, 2015).

In addition to some positive human resources management policies, the recruitment of Ali Finance has been affected by other management policies which are known to be have been controversial. It is understood that Ali Group announced that it would cut 2016 Fresh Graduates posts, from the original 3,000 people to just 400 people. Ali Finance is a subsidiary, and it was inevitably affected by the new personnel management policies. The decision caused great controversy; a human resources recruiter noted that:

> *"Recruitment of some posts has slowed in the whole Ali Group because of a limited number of available posts; the company is more focused on the experienced talents."*

There were a lot of complaints from interns of Ali Finance because they were not satisfied with changes in the policies of the company personnel management. Ali Finance intern Yixuan Zhang said:

> *"Ali's policies of talent strategy adjustment have sacrificed the interests of our interns; the recruitment reduction means we work hard for more than a year, but we cannot get the last entry offer. And what is more, HR even encourages us to recommend other friends to become interns. From the company's point of view, the company reduces employment costs and ensures the work is completed."*

We can deduce that Ali Finance's interns have had a negative attitude to the results of the company's latest issue. Even though Ali Finance's management team considered the interests of the entire company before undertaking the strategic change in recruitment, the effect has not been viewed well at all. Interns, as potential employees, suspect the integrity of Ali Finance because the company has harmed the interests of its employees. Consequentially, they have had to find new working opportunities during the period of non-recruitment. As a result, the grievances of all interns and complaints have a bad effect on the employer brand of the Ali Group. Another intern, Wei Cheng, held a similar opinion; he said:

> *"Ali dealt with this issue very irresponsibly. Although acknowledging that the company's strategic reasons brought some losses to interns, Ali did not provide any*

compensation, except for a few departments who gave a recommendation letter and a

USB to them as an apology gift."

4.4 The challenges with the recruitment process

The problem with recruitment is attributed by two issues. First, Internet financial companies find it difficult to attract talents. Second, existing candidates barely come up to the company's standard. In order to get a balanced perspective on these two aspects, Jun Chen, the general manager of Harbin Bank Shenyang branch product innovation centre, and Zheng Li who went to an Ali Finance interview, shared their thoughts about the challenges of recruiting talents from traditional banking to the Internet financial industry, Jun Chen said:

"Internet financial companies always have talent pool characteristics of flattening,

and the quantity demand of credit approval employees and risk control professionals

are less than the traditional bank industry, but they are still indispensable positions.

And furthermore, Internet financial companies have to face a difficult challenge in

that they are recruiting risk control talents who reach the high-level stated

requirements of the Internet financial industry."

Jun Chen analysed the main causes of this issue according to his working experience; he suggested that:

"There are two aspects related to this; one is that these people must have a wealth of

experience, and this experience can only be found from the traditional banking

system. Because of the corporate culture and the social orientation of traditional

banks over the years, risk control talents have a high quality of experience in a

universal role placed in an important prime leadership position, but they lack

motivation for job-hopping. Another reason is to do with emolument: risk control

directors of Internet financial companies get 300-400 thousand RMB as an annual

income, which is almost no difference, and may not even be better than traditional

banks."

Due to the lack of risk control talents in the Internet financial industry, the community

widely suspects the risk control ability of Internet financial companies (Walet, 2015), providing inadequate incentives as compared with conventional banking. Nonetheless, this argument is not entirely correct. In the mobile Internet era, risk management methods and tools are both changing, so we should consider this issue depending on the respective development. In addition, it needs to be noted that the income of Internet financial companies is unsatisfactory for traditional bank employees. Another perspective suggests that candidates are attracted by Internet finance companies often less than the company's job requirements. One candidate, Zheng Li, shared his recruitment experience of Ali Finance. He said:

"My interviewer was working in creditor's right management, he required candidates to have a breadth of knowledge about macroeconomic theory and experience. I feel that only those people who possess economics PhDs or hold high-level posts in the asset management industry can perform this job. Obviously, my professional skills and abilities do not match."

The Internet financial industry is still in its early stages of development and companies are not willing to invest in talent training. Hence, access to personnel relies on the traditional financial industry or the Internet industry recruiting experienced personnel. People who meet these conditions generally already have a high occupational status and they do not want to risk job-hopping. Another point worth mentioning is that the higher standard requirements expected of graduating candidates undermines the construction of echelon personnel.

5. Discussion and Conclusion

Due to the rapid development of the Internet financial industry, the shortage of qualified personnel in this industry should be treated as a challenge. According to a traditional Chinese cultural background, analysing the reasons for recruitment problems in a new emerging field makes human resources management an interesting problem. In this essay, qualitative research methods, as well as secondary data research, helped explore some real issues dealing with the human resources practices in the Internet financial recruitment process. Conducting interviews with professionals and evaluating employee viewpoints about recruitment problems, the hope is that these findings, and some recorded cases will help provide an answer of sorts to the issue.

The recruitment channel is the most important factor that affects the results of recruitment. Selected recruitment channels will significantly impact filling a vacancy in the Internet financial industry, which is always further affected by three factors (Sabatier, 2010). First, the selected recruitment channels based on the characteristics of the Internet financial companies concerned. Second, companies arrange multiple channels of recruitment, rather than just selecting one recruitment channel. A combination of recruitment channels is useful for improving the effectiveness of the company's recruitment. Third, the probability of filling a vacancy is strongly influenced by the recruitment strategies of the company (Sabatier, 2010). According to the actual situation of the Chinese Internet financial industry, the research result showed some differences from previous literature. Almost all Internet finance companies are dissatisfied with the recruitment channels; campus and online recruitment can lead to a lot of applications, but the candidate level may not meet the company requirements, which in turn, leads to a lot of wasted time and energy. Some firms recruit talents through headhunting companies in order to save time and get highly-qualified professionals. However, there is a problem. They have to pay more recruitment costs. Interviewees expressed that the employee referral method is the most effective way to recruit suitable employees, because this method can attract some candidates who are similar to existing employees. The employee referral method is economical and high-efficiency; nonetheless, "*guanxi*" in Chinese culture easily affects the objectivity of this method (Nash, 2006). For example, existing employees may recommend some unsuitable candidates just because they are friends or family members. Hence, companies need to be on their guard against this in the process of recruitment.

The rational of the staffing structure affects team working efficiency and the working attitude, which is a key element in developing the Internet financial industry. Along with the development of the entire industry, this assignment is split into many working steps, which will improve working efficiency and make it more specialised (Wood, 2013). From the results of the interviews, interviewees expressed that IT technology developers, data analysts and client managers are recruited in almost an equal number. Therefore, department balance is advantageous for the stability of employees' structure. In addition, Internet financial industry is an emerging industry, which tends to employ younger managers who were born after the 1980s and who held key management positions. This cannot only build a healthy talent echelon, but it also creates a good company image of fresh talent, helping Internet financial companies recruit more high-quality talents.

The human resources management policies of Internet financial companies influence

recruitment effectiveness. Companies can attract more job seekers through adjusting their human resources policies; for example, Ali Group intended to recruit 3,000 employees in 2016 from graduate interns, this human resources policy attracted a lot of applicants to choose Ali and give up their other options in the workplace. However, a company's negative policies will also have a negative influence; for example, after attracting so many interns, Ali Group instituted a new HR policy that reduced the recruitment amount from 3,000 people to 400 people. Ali interns complained about this unfair decision, and later some interns gave up this job opportunity. As a result, the integrity of Ali has been called into question. In this case, it provides a warning to companies that they should be cautious when they decide on human resources policies and consider emergency solutions in order to prevent damaging the employer brand image.

Research findings, have highlighted some challenges. One of the main problems of recruitment is that it is difficult to attract talents whilst not ignoring the low quality of candidates, too. Internet financial companies need to pay more attention to risk control, so the industry has a higher standard for risk control practitioners in the recruitment processes. A higher standard requirement, which includes rich working experience or professional business knowledge with a certification of industry recognition, is hard to find through campus recruitment and general social recruitment. Consider the fact that companies do not like to invest in training, so they tend to recruit potential target employees from traditional banking backgrounds. In fact, interviewees reflected that people who do meet the company's standard requirement already have a good salary and a high professional position, and in most cases they do not want to change to a new job. Other candidates, like new graduates or general employees, have not the deep macroeconomic theoretical knowledge and rich working experience required. These issues reflect the main difficulties in the recruitment process and it leaves unanswered questions.

Interviewees provided some suggestions for the future according to their own experiences. On the macro level, potential talents have not enough confidence in the Internet finance industry. Some negative information affects the judgment of talents; it is suggested that relevant government departments should take forceful measures to strengthen the administration on laws and regulations, an approval system and risk management analysis. For instance, a clearly defined supervisory organisation that provides a comprehensive institutional system in order to control the risk of bad debts. On the micro level, companies should invest in training their employees to reduce the capital of company in the short term.

This is good for long-term talent team construction. At the same time, people who want to work in this industry should undertake self-career planning and constantly improve their professional ability.

6. Limitations and future research directions

Some limitations of the current research were discussed. The first limitation lies in the limited sample and the nature of qualitative research. Without additional quantitative research, the number of samples was limited to the eleven interviewees, so the finding represented is limited in this case. Although attempts were made to collect more information, the data collection may not be comprehensive enough.

The second limitation is that the interviews were conducted in Chinese Mandarin, so there is a problem of translation in the data collection stage. The Chinese often express their views in implied meanings, therefore the interviewer required a good comprehension ability and translation skills during the process of the interview. Although Chinese Mandarin is the interviewer's mother tongue and the interviewer has only been learning English for a couple of years, this still cannot guarantee that all the information is translated, or understood accurately. In the translation process, the cultural background of the investigator will likely affect the objectivity of the survey result.

The third limitation is that the investigating media may have led to some disadvantages. Using the Internet as the survey method saved a lot of time and resources, but this approach still has drawbacks. First of all, compared to the face-to-face interview, an online interview makes it more difficult to establish a trust relationship with respondents (Bryman & Bell, 2011). Therefore, investigators need to spend more time on the initial communication. Secondly, the interview relies mainly on plain text records and any research cannot be fact-check with any accuracy based on the information obtained through eye contact and body language. Finally, some of the older respondents are not good at using computers for interviews. Despite the popularity of personal computers in China being relatively high, many of her citizens still cannot use computers (Ibid). Therefore, the investigator had to commission a third party as a representative to complete the interview.

In this research, the researchers discussed some of the main reasons that obstruct the employee recruitment process. Different companies may have these issues due to other reasons. Hence, the subsequent research in this field refers to employee performance and

development, reward management and employee training. In addition, the aim of this research only focused on the problems facing the Internet financial industry, and it didn't make comparisons with companies in different areas. Determining the reasons of recruitment difficulties between the developed and developing cities still needs further research, but for the moment this paper presents suggestions in maxmising performances in those areas.

In the Internet age, it was indicated that the social attribute of people is increasing; on the contrary, the attributes of organisations are weakening. Companies always need talent, but talent is less dependent on companies. In essence, companies no longer hold the initiative in the recruitment process; they have to change their attitudes. The development of the whole industry needs employees with professional backgrounds and good technical knowledge as well as an extensive working experience in the relevant industry. Hence, the Internet financial companies prefer to recruit talents from traditional banking and Internet companies. As a result, personnel recruited have vast stores of knowledge and experience, and save the administrative cost of training and recruiting. But this recruitment model is not good for building a team of talents. A company without staff training will suffer, and there will be turbulence in the process of organising staff turnover.

Therefore, Internet financial companies need to provide multiple growth space and incentive mechanism for talent development (LinkedIn, 2016). First, companies need to establish a comprehensive internal promotion channel. Internet financial companies should have a full understanding of talent flows in order to identify talent needs of career development. Establishing a fair internal professional promotion system provides a career opportunity for existing employees and improves the efficiency of internal talent. Second, companies need to establish a staff training system in order to improve employees' sense of belonging. At the same time, companies should communicate actively with staff and give their employees a clear understanding of the organisational development planning in the future. With the purpose of pursuing flat organisation, managers can authorise the grass-roots talents, letting each employee gain experience of being respected. Third, companies should offer a multi-incentive system to meet the demands and expectations of existing employees. This helps to enhance the competitive advantage of Internet financial industry in the talent market.

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Appendix

Interview questions

For the HR practitioners who have participated in recruitment in the Internet finance companies:

1.	Why do you want to work in the Internet financial industry?
2.	What challenges did you encounter during the recruitment process?
3.	In your opinion, in what areas can the candidates improve?
4.	With regards to the recruitment process of the Internet financial companies, what would you like them to improve?
5.	Are you bullish about the prospects for the industry? Why? Why not?

For the key employees who understand the hiring process of Internet financial companies:

1.	Are there any recruitment difficulties in your company?
2.	Which channels for recruitment have been applied in your company?
3.	What kind of employees do you think are needed in the Internet financial industry?
4.	Which position is the most difficult to recruit at the present stage? Do you know why?
5.	What method do you think is most effective in the talent team construction of the Internet financial industry? Internal training or external employment?
6.	What are the human resources management policies for recruitment in your company?
7.	How do you think the Internet financial industry practitioners should undertake their own career planning?