Human Resources Department Optimization in Chinese Internet Enterprises: A Case Study of ByteDance

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Abstract. ByteDance is one of China's most successful Internet enterprises, together with Alibaba and Tencent are considered as the first level of Chinese Internet industry, also known as BAT. As a fast-growing and still rising enterprise, ByteDance tends to learn from the other two more experienced enterprises in the organization design and division of labor of the human resources department, using a modified combination of human resources theories. ByteDance is relatively younger, lacking adequate practice and experience based on itself, and therefore is less skilled in the application of theories. Based on the five-month internship of the author, this paper combines the traditional six modules theory of human resources management with the three pillars theory proposed at the beginning of the 21st century, analyses the problems of ByteDance human resources department, and combines the relevant academic achievements with the actual situation, puts forward improvement strategies for employees, management mode and organization design. This paper provides ideas for ByteDance and other Internet companies in China to optimize the design of human resources departments, as well as other emerging industries in the future.

Keywords: organization design; division of labor; HR three-pillar model.

1. Introduction

Human resources management is an important subject in business administration and an indispensable functional department of an enterprise. China's enterprises have applied multiple HR theories to practical operation. Traditionally, enterprises have divided the labor department according to the theory of six modules of human resources, which are Human Resource Planning, Recruitment and Allocation, Training and Development, Performance Management, Salary and Benefits Management and Employee Relations. Now some enterprises, including ByteDance, Alibaba and Tencent, tend to adopt more advanced theories, such as the three pillars of human resources [1], which are Human Resource Business Partners (HRBP), Center of Excellence (COE) and Shared Service Center (SSC).

However, due to various reasons, most Chinese enterprises cannot skillfully apply these theories, leaving potential problems hiding behind the management system [2]. In some long-developed markets, the problems in the HR team are not obvious, because the whole market is relatively mature and there are no too difficult challenges in the work. These problems have little impact on the company's profits. On contrast, in some new industries, the market is not mature and unstable, and new situations may appear at any time. Another reason is that existed researches conducted by academic researchers mainly focus on the theoretical development, meaning there is less emphasis on the effectiveness of their practical application in enterprises. Meanwhile, enterprises engaged in relevant industries are all trying these industries for the first time, not having other experienced companies to learn from.

The Internet industry is one of the thriving markets and actually the fastest developing among all. In just several years, China's Internet-related enterprises have gone through a process from starting to booming. There was rapid demand of a large amount of labor force, which cannot be satisfied in a short period. To have HR department function at its most capability, enterprises engaged in Internet industry adopted a modified and deconstructed mode based on some new theories. This kind of model has been developed for merely a short time in Chinese enterprises. Although it has been adopted by many large private enterprises, the fact is that there are some follow-up phenomena in the application so the formality is more outstanding than the actual effect.
In this brand-new and widely-spread industry, HR department enterprises are faced with similar situations, like lack of labor force and new demand for management style. The problems in the HR department also have certain similarities, like low employee retention, inappropriate labor division and high working pressure. Based on the shared situations and problems, solutions can be universal. As long as an enterprise can break through the difficulties, the same method can also be applied to other peer enterprises.

2. Background

The author had a five-month internship in Bytedance, working as a member of Human Resource Business Partner. The author’s responsibilities covered many aspects of HR, including recruitment, training, communication with business department and data analysis. During the internship, the author found some potential problems that I and my colleagues agreed, including intern partners and regular employees. The paper is based on the internship, takes ByteDance as a case study and studies the problems existing in the organization design of HR team, putting forward feasible suggestions, which can help future emerging industries to carry out scientific and efficient team division of labor, and provide reference for management mode.

ByteDance was founded in 2012, and seven years later it ranked among the top 100 Internet enterprises in China and ranked 2nd in World Unicorn Enterprise Rankings in 2019 and 2020. ByteDance ranked No. 1 on the list of Chinese unicorn enterprises at a valuation of $180 billion. According to the data released by the CEO Liang Rubo, by March 2020, ByteDance had 60000 formal employees and 40000 outsourcing personnel, and the total revenue is 236.6 billion yuan [3].

3. Analysis

3.1 Discription

At present, the latest academic research results tend to build the three pillars into an interconnected and mutually supportive whole, which is what many Chinese Internet enterprises are trying to do [4]. ByteDance is one of them, adopting a complex combination of traditional theories and new three pillars theory. Bytedance’s HR department is divided into two departments: Human Resource Business Partner (HRBP) and Human Resource Operations and Efficiency (HROE), with a ratio of about 7:3. HRBP employees will communicate with employees of the business department, exchange information and react to business demand. According to the specific work arrangement and each person's ability advantages, ByteDance will let HR employees take on more functions which they are good at. In terms of the work content, the allocation mainly includes talent recruitment, talent development, organization culture and data analysis. This allocation is flexible, default and informal. Generally, instead of building COE and SSC teams, ByteDance nearly gives all the work of HR department to HRBP team, except for some basic formality and simple procedures taken by HROE team.

The following is an analysis of the division of labor of ByteDance's human resources department from four responsibilities based on the author’s work experience.

3.1.1 Recuitment

ByteDance employees responsible for talent acquisition in the HRBP team need to be responsible for the whole process of recruitment, work with the business department manager to determine job content and job requirements, maintain recruitment channels, publish recruitment information, collect candidate resumes, arrange interviews, conduct interviews, and continue to follow up each candidate until finally entering the job. The work content such as designing job requirements actually covers the responsibilities of the COE, which ByteDance doesn’t have a team for. The work of publishing recruitment information and maintaining recruitment channels covers work that has theoretically belonged to SSC.
3.1.2 Training

ByteDance employees in charge of talent development need to be responsible for the whole process of management ability training, general skills training and comprehensive quality training from program designing to project landing, which actually covers all the responsibilities of the SSC’s training responsibility. In ByteDance, only the work like orientation and warming-up training are handed over to the HROE department.

3.1.3 Incentives

ByteDance employees in charge of corporate culture in the human resources business partner team need to design activities, set incentive plans, disseminate corporate values, and enhance team cohesion. HRBP departments hold activities very frequently, almost once a week in the corresponding business departments. In reality, these jobs are done by business departments themselves in other enterprises.

3.1.4 Process optimization

ByteDance employees in charge of the data analysis need to collect and summarize all the data of the human resources work of the department, conduct economic analysis and data analysis through the establishment of relevant models [5], speculate and make decisions for the future staffing, and make suggestions for the process optimization of the team employees to perform their duties, improve the work efficiency of employees, and ensure the good operation of the HR department and business department.

3.1.5 Situation summary

Comparing the theoretical knowledge with the actual situation, the HRBP department of ByteDance is responsible for not only their own jobs but also takes all the work of COE. HRBP department also covers some work content of SSC, while the HROE department is only responsible for handling the procedures for enrollment, confirmation, transfer and resignation in the work.

In summary, ByteDance represents the characteristics of having more emphasis on HRBP side while somehow neglecting COE and SSC. ByteDance’s HROE department in reality is a weakened SSC department, while the COE department doesn’t exist. Such characteristics are in line with the rapid and efficient corresponding demand of the emerging industry of online education, and also meet the needs of Internet companies for rapid preemption of new markets. Human resources need to respond to new situations in business development in a timely manner, quickly solve the new needs raised by business departments, and ensure that business departments can operate efficiently, and the best way is to have a large number of human resources business partners close to the business departments and keep abreast of the current situation of the business departments. The logic is that because the business needs to develop rapidly, even the expert center and the shared service center need to be close to the business and keep abreast of the latest trends, so the two departments are directly merged into the business partner department that is close to the business department.

3.2 Existing Problems

3.2.1 High work pressure

During the internship, the author happened to be experiencing the busiest time of the year, which is the summer vacation, because from July to September is the time when many college students graduate to look for jobs, which means there will be a lot of interviews for candidates. In July 2021, the HR team had a recruitment target of 900 people, while the team had only 10 formal employees and 5 interns. The people who was mainly responsible for recruitment needed to interview at least 60 people a day, often in the form of group interviews, which greatly reduced the effectiveness of talent evaluation. It is also not easy in daily work, which can be seen according to statistical data. Each regular employee of the team needs to undertake the HR work of more than 250 business employees, and the one taking the most needs to manage 600 people. According to the fact that HRBP employees in ByteDance have to undertake a very wide range and a lot of work, even though HRBP workers
account for, as mentioned, nearly 70% of the HR department in ByteDance, those employees still suffer from great pressure because they actually do more than 80% of the HR work. In order to alleviate the shortage of employees, ByteDance’s HRBP recruits a large number of interns to complete the work that does not involve the company’s privacy such as salary structure. In fact, some HR employees are too eager to recruit interns, which results in that the interns' abilities cannot meet the work needs properly. The quality of interns in ByteDance is uneven. Taking the HR department in the online education branch of ByteDance as an example, after quantifying all the work achievements, the top three outstanding interns in a team of 10 have done 1237, 800 and 792 units respectively, and the sum of the other seven is only approximately 900 units.

3.2.2 Difficulty in talent development

In order to fill the talent gap of demand, employees in ByteDance are more aggressive in both recruitment and promotion. In the actual recruitment, business department leaders and HR employees will appropriately reduce the overall requirements for job seekers for the sake of a huge employee shortage, resulting in some employees with poor fundamentals and low ability ceilings, unable to provide reserve talents for management. In terms of internal promotion, it takes less than 1 year on average to go from front-line employees to junior supervisors with 10 subordinates. Although such a promotion mechanism can quickly meet the needs of employment, it ignores the management’s requirements for managerial experience. Because of the lack of long-term precipitation, most managers’ management methods are not replicable, and managers have low ability to lead the team.

3.2.3 Difficulty in communication

As introduced, HRBP in ByteDance is a large team, taking up more than 70 percent of total HR workers. In such a large team, if there is no clear and strict management, it will obviously be chaotic and inefficient. Unfortunately, ByteDance has always advocated flat management style, since the corporate values include openness, humility, honesty and clarity, and the employees are relatively young in an Internet enterprise, where flat and borderless management style is particularly prominent. On the one hand, employees at all levels can directly communicate with employees at other levels. This direct cross-level vertical and horizontal docking mode helps the HR team to accurately profile the employment needs and fill the vacancies quickly. However, on the other hand, such a management style can also have a chaotic situation. With very little hierarchy, flat communication seems to let employees have a feeling of no leaders. When important projects need to be discussed and decided, it is difficult to know which level in the department should employees talk to, as all the workers are likely to have a right of decision. This management style also exposes managers to a large number of simple basic problems. Employees are not clearly aware of each level’s main responsibility so they tend to randomly ask whichever managers for help if problems arise. Thus, cost of time increases while efficiency reduces.

3.2.4 Unclear division of labor

Unclear division of labor is the most obvious and harmful of all shortcomings. The work content of HRBP is extensive, and the division of labor shows rough and general division. A large number of work responsibilities belonging to other departments are assigned to the HRBP team, so the team has the dual characteristics of both large size and shortage of personnel. The organizational structure is too simple, not further dividing an HRBP team into small groups doing different work. Instead, in ByteDance, every employee in the HRBP team has several responsibilities and these are not fixed. When any work related to human resources is busy, everyone in the whole HR department temporarily holds their responsibilities and fully supports this project. On the surface, this can quickly respond to needs, but the potential problem is that employees cannot focus on their own parts to make some achievements. In the personal development of employees, it is difficult to see outstanding achievements in one aspect, because the attention is seriously dispersed. The HR team has a large number of generalists, but lacks of experts. The lack of some professional skills means that it is impossible to cultivate talents internally [6]. It is difficult to give full play to the personal advantages
of team members, and it is even more limited in team development. Also, the division within HR department is not officially confirmed, which makes the rights and responsibilities of each employee not strictly regulated [7]. During the execution of tasks, there will be shifting of responsibilities between employees. Although ByteDance has assigned certain responsibilities to those who are better at performing based on competitive advantages, these responsibilities are so flexible that will alter significantly with business changes.

4. Suggestion

Almost all the problems are caused by the fact that the HRBP team is too large and the lack of clear division of labor. The solution can be considered from two directions. One is to set up a new team to narrow the HRBP team and the other is to carry out a clear division of labor in the HRBP team, not only in reality some people doing assigned work, but also nominal or official division being clarified.

To set up new teams, ByteDance can especially separate the employees who are working as data analysts from the HRBP team, because theoretically data analysis is the work of COE and the overlapping area between HRBP and COE is little. COE functions as the leader of HR. By separating COE workers, they can more independently manage the entire department digitally without interference from other HR employees [8]. Therefore, setting up a separate department for COE is the most urgent solution to ByteDance.

Some basic work contents of the HRBP team, such as the announcement of recruitment information and the development and maintenance of recruitment channels, can gradually transfer from HRBP to HROE, which is the SSC in the three pillars theory. To do further division, the work of HRBP team can be divided based on the traditional six modules theory. An HRBP team can consist of several teams like talent acquisition, talent and organization development, and organization culture. These two measurements are not exclusive and both are applicable.

With the optimization of the team structure, formal human employees no longer need to be responsible for a large number of extensive works as before, the resource allocation ratio is more scientific, the work intensity is correspondingly reduced, and a large number of interns are no longer needed to relieve stress. This structure creates opportunities for enterprises to optimize the comprehensive level of the intern team, and enterprises can improve the selection criteria of interns, assess interns seeking jobs from the two dimensions of work ability and future potential, and prepare high-quality candidates for enterprise development [9]. A reasonable division of labor can improve the performance of departments. In the human resources department, the decision-making level can refine the granularity of the division of labor, clarify the responsibilities of each department, especially optimize and upgrade the work of the current human resources business partner team, appropriately reduce the content that does not belong to the three-pillar theory of human resources business partners, and increase the corresponding team, and entrust this part of the work to the newly established team. This initiative allows the entire HR team to focus on the corresponding responsibilities and improve work efficiency.

After the solution of employment demand, ByteDance no longer needs managers as urgently as it does now. Therefore, it is completely possible to spend enough energy and time to select management talents within the enterprise. The HR department can divide the competitive recruitment work into three stages and improve the corresponding plan formulation. In the early stage, tools such as "Sudoku Method" and "Six Step Method" can be used for internal talent mapping. HR can draw a talent map and locate employee competency coordinates according to business capabilities and management capabilities [10]. In the medium term, improve the scoring mechanism, change the proportion of each scoring standard, improve the accuracy of the final results, and introduce new standards, such as increasing the evaluation based on colleagues and superiors, evaluating employees more comprehensively, and establishing a reasonable enterprise talent echelon. In the late stage, the head
of HR department and the head of the business department can jointly recheck the promoted employees in detail, and appropriately adjust the employees with poor abilities to other positions.

5. Conclusion

This paper finds that the division mode of ByteDance HR department is designed based on the current situation, which can quickly solve some sudden needs in the market and support the ordinary operation of business. However, with the development of enterprises, the disadvantages of this model are gradually revealed. This model quickly solves the surface problems, but leaves some potential risks. During the author’s internship, there have been some observable data to illustrate this, such as low employee retention. Taking ByteDance as an example, this paper analyzes the possible problems in the HR department of Chinese Internet enterprises. Starting from the six modules and the three pillars theory of HR and based on the five-month internship experience, the author analyzed the problems in the division and design of labor of HR in ByteDance. The author collected relevant academic achievements, analyzed the actual situation, and proposed improvement strategies for the deconstruction and reconstruction of ByteDance’s HRBP department.

A healthy and perfect HR team is not established in a short time. The current period is a transition opportunity for some large Internet enterprises in China from using a rough and general division of labor model to adopting a more detailed and scientific model. This paper may function as a reference to these enterprises due to that the problems summarized in this paper and the suggestions given are not only applicable to ByteDance, but also can be used for advice by other Chinese Internet companies to a certain extent. Other new industries with rapid development in the future may as well find some similarities from this paper.

References