

## Can We Still Talk About 'Asian' HRM Practices? An Exploratory Analysis of HRM Practices in Different Asian Countries

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### Abstract

*This is a study about HRM practices of Asian countries. Asian HRM has been of interest to researchers. Several studies focused on different dimensions of HRM practices in different countries located in Asia. An important point to highlight while reviewing these studies is that the region of Asia should not be considered to be the sum of countries sharing same or similar characteristics. Every country has its own historical story and contextual settings. This suggests the necessity to consider different backgrounds of Asian countries in analysing HRM practices of these countries rather than assuming that they follow similar HRM trends. Aiming to understand in what aspects Asian countries' HRM systems differ from each other and what the underpinning reasons are for these differences, the paper explores the traditional and changing pattern in HRM practices of China, Japan, Taiwan, Thailand, and Korea. It is seen that changing conditions (disruptive development in technology, economic reforms, Asian financial crisis, social and cultural elements of a national state) have a substantial influence on HRM practices of Asian countries and result in the transformation of these practices in time. Nevertheless, each country's response to the macro changes has been different. Given this, the paper suggests that although countries may go through the same macro changes, rather than a convergence pattern in their HRM practices, countries preserve their nation-specific characteristics in shaping the HRM practices.*

**Keywords:** Asian HRM, HRM practices, Employment, China, Japan, Taiwan, Thailand, Korea.

## 'Asya İK Uygulamaları'ndan Bahsedebilir miyiz? Farklı Asya Ülkelerinin İK Uygulamaları Hakkında Literatür İncelemesi

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### Öz

*Bu çalışma Asya ülkelerinin insan kaynakları uygulamaları hakkındadır. Araştırmacılar uzun yıllar Asya ülkelerinin insan kaynağının yönetilme sürecinde uyguladığı farklı yaklaşımlar üzerinde çalışmıştır. Bu çalışmaları gözden geçirirken vurgulanması gereken önemli bir nokta, Asya bölgesinin, aynı veya benzer özellikleri paylaşan ülkelerin toplamı olarak kabul edilmemesi gerektiğidir. Her ülkenin kendi tarihsel arka planı ve bağlamsal farklılıkları bulunmaktadır. Dolayısıyla, ülkelerin İK uygulamalarını şekillendirirken benzer yaklaşımlar geliştirdiklerini varsaymak doğru olmaz. Bağlamsal farklılıkların ülkelerin İK uygulamalarında farklı yaklaşımlar takip etmelerine sebep olabileceği göz önünde bulundurulmalıdır. Bu makale, Çin, Japonya, Tayvan, Tayland ve Kore'nin İK uygulamalarındaki geleneksel İK yaklaşımlarını ve değişen İK eğilimlerini ele almaktadır. Değişen koşulların (teknoloji, ekonomik reformlar, Asya finansal krizi, ulusal devletin sosyal ve kültürel unsurları gibi) Asya ülkelerinin İK uygulamaları üzerinde önemli bir etkisi olduğu ve bu uygulamaların zaman içinde değişmesine neden olduğu görülmektedir. Yine de, her ülkenin makro düzeydeki değişikliklere yanıtı farklı olmuştur. Bu çalışmada, ülkelerin aynı makro değişim süreçlerinden geçmelerine rağmen, İK uygulamalarında bir yakılaşma modeli yerine, ulusal bağlamdaki farklılıklarının etkisiyle farklı yaklaşımlar geliştirdikleri öne sürülmektedir.*

**Anahtar Kelimeler:** *Asya insan kaynakları yönetimi, İK uygulamaları, İstihdam, Çin, Japonya, Tayvan, Tayland, Kore.*

## Introduction

There is a tendency to assume that all Asian countries are similar and thus have similar institutional contexts that shape their human resources management (HRM) practices. However, the literature focusing on the HRM practices of the Asian countries show that these countries actually have different environments and this subsequently results in different forms of HRM. This study aims to understand in what aspects Asian countries' HRM systems differ from each other and what the underpinning reasons are for these differences. This study provides a review of published studies in the literature to examine the traditional characteristics and changing trends in Asian HRM, with a specific focus on Korean HRM. The study is organized as follows. In the first part, traditional and transformational practices of Asian HRM will be introduced. Acknowledging that the region of Asia consists of a number of countries, this study will focus on country-specific HRM features of China, Japan, Taiwan, and Thailand. In the second part, the paper will examine the traditional and transformational practices of Korean HRM. In this part, Korean HRM will be covered under the HRM principles including the basic function of the HR department, recruitment and selection, employment, compensation and promotion, performance appraisal, and training.

## 2. Traditional Asian HRM

Many studies emphasized that national HRM systems of Asian countries were affected by several factors including national culture, institutional framework, and core business sectors. The studies by Rowley (1997) and Rowley and Benson (2003) indicated that national culture was defined as the composition of family structure, cultural background of the society, and Confucianism and Buddhism as the dominant religions. In addition, as reported by the studies, the institutional framework was defined as the composition of the family business group, state-owned enterprises, and local authorities. The studies also put emphasis on the impact of core business sectors, including manufacturing for China, software for India, the automobile industry for Japan, and memory-chip industry for Korea. Chan (1996) confirmed that Confucianism, military discipline, and

unquestionable authoritarianism were the common factors affecting management styles in China, Taiwan, and Korea. As these factors affect each Asian country in a different way and level, HRM strategies and practices of each country were expected to have unique characteristics (Budhwar and Sparrow, 2002).

The hierarchical characteristic of Asian culture had its reflection on the management system of Asian countries. The studies showed that the traditional management system in Asia was mostly based on limited empowerment (delegation of decision-making). In this system, a lower level employee was supposed to show respect to his superior while the superior was supposed to follow an authoritarian management style (Bae et al., 2003). As Zhu et al. (2007) and Bae et al. (2003) pointed out, basic HR characteristics that Asian countries share in common are defined as harmony, loyalty to the group, respect to superiors, and avoidance of conflict. Nevertheless, Warner (2000) claimed that the concept of homogeneity of the Asia-Pacific HR model is not yet confirmed. Given the fact that Asia region has a number of countries, the rest of the paper will cover the HRM practices of China, Japan, Taiwan, Thailand, and Korea.

In the early periods shaping the characteristics of HRM of China, the state was the major authority in every aspect of Chinese people's lives including employment. Many studies pointed out that the state acted as the primary employer deciding on all the HR policy and practices of the companies. The personnel management affairs of the companies were under the control of the Ministry of Labor and Ministry of Personnel. As a result, the companies did not have the authority to decide on the recruitment and payment of the employees (Zhu et al., 2007). As the studies put it, only the state was responsible to decide on the number of people to recruit and the amount to be paid to the employees. The employment contracts were based on life-long job security. In addition, seniority-based payment was adopted by the companies (Cooke, 2004; Zhu et al., 2007).

In Japan, traditional HRM was known with its three pillars: lifetime employment, seniority-based system, and enterprise labour unions (Rowley et al., 2006). The authors stated that lay-off was not a common practice until the 1990s, and an employee was supposed to stay in the company until his retirement, which was known as the phenomenon of

lifetime employment. Benson and Debroux (2003), however, stated that due to changing market conditions, companies started to employ mid-career people by external promotion to gain competitive advantage. Recruitment was a crucial issue for Japanese companies because they offered lifetime employment to the employees. As Salmon (2004) notes, recruitment of the white-collar employee was based on his cultural and social background since adaptability to the company culture and loyalty to the company were the primary criteria to evaluate the candidate. At this point, candidates coming from the same high school or same university with the employees in the company were favoured and they were not assessed for a specific function, but rather assessed to be the company man (*ibid*). Employee training was one of the key characteristics of Japanese HRM. Japanese companies offered numerous training options including in-house training, on-the-job training, and off-the-job training for entry-level employees, and intensive on-the-job training, in particular, was common in Japanese companies (*ibid*).

In Taiwanese companies, the main characteristics of traditional HRM were defined as hierarchy, paternalistic relationships between employer and employees, harmony, and loyalty (Zhu and Warner, 2004). As Wu (2004) put it, Confucian work principles were the factors affecting these HRM characteristics. According to the studies by Bae et al. (2003) and Zhu et al. (2007), long-term relationship existed between employers and employees, which had its impacts on seniority-based payment, promotion, and reward. Informal relations between relatives and friends were the key points to establish a longterm relationship and intraorganizational harmony. Taiwanese companies perceived training as a cost in the short-term rather than an investment in the long-term; therefore, they offered their employees limited training opportunity (*ibid*).

Zhu et al. (2007) stated that Thailand's HRM was affected by Japan as a result of Japanese foreign direct investment in this country. In addition, as Bae et al. (2003) put it, the Thai society's cultural aspects including hierarchical structure, loyalty to the groups, respect to superiors, and harmony in all type of relations had a significant impact on HRM practices. Nevertheless, as pointed out by Siengthai and Bechter (2004), the HRM department was mostly perceived as a payroll function in Thai companies and seniority-based payment was implemented.

### 3. Transformation of Asian HRM

The study by Yeung, Warner and Rowley (2008) showed that HRM has been in a period of transformation in Asian countries, especially in transitional economies including China and Vietnam. Although developed, developing, and transitional economies of Asian countries have some overlapping HRM characteristics, as discussed by Zhu et al. (2007), the overlapping does not mean the concept of “one Asian HRM model” because each Asian country shows nation-specific differences regarding HRM policy and practices. In general terms, East Asia has gone into a reforming process towards hybrid people management (*ibid*). The factors were influential in this process as the influences of Western countries, state, and historical and cultural background of the countries. More specifically, the reasons behind the transformation of HR characteristics were defined as globalization, economic and enterprise reforms during the 1997 Asian financial crisis and afterwards, and the economic growth of the countries including Singapore, Korea, and Taiwan (Cooke, 2004; Budhwar, 2004). The studies reported that the most remarkable result of the transformation was the flexibility in labour employment because lifetime employment began to be questioned. As Zhu et al. (2007) put it, new people management systems of the Asian countries were based on several key points including strategic role of the HR department, fixed-term contracts, individual performance evaluations, career development, and flexible employment.

The studies of Rowley (1997) and Rowley and Benson (2002) indicated that disputable areas occurred regarding the evolution of Asian HRM, namely, convergence or divergence in HRM of Asia-Pacific countries. Some academics claimed that countries tend to adopt similar HRM practices as a result of globalization, which was defined as convergence. On the other hand, Zhu and Warner (2004) claimed that each Asian country has unique characteristics that lead to divergence in their HRM systems. The third claim by Warner (2002) was about bounded convergence, which means that HRM is affected by both national and cultural factors leading to diversity and globalization leading to similarity. Yeung, Warner and Rowley (2008) also confirmed the countries’ tendency toward bounded convergence. Budhwar (2004) defined the term as “soft convergence”, which means that global HRM practices are adjusted according to the local

rules. In conclusion, the studies on the HRM systems of the countries including Japan, China, Korea, Thailand and Taiwan indicated that no uniform Asian HRM model exists, but as Rowley et al. (2006) and Rowley and Benson (2000) put it, these countries adopt a pick-and-mix approach for HRM practices.

Cooke (2004) and Rowley and Benson (2003) stated that the economic reforms after the Asian financial crisis, the decentralized role of the state, and the increasing effect of private and foreign enterprises triggered changes in Chinese HRM. According to Warner's (1997) study, "three systems" reforms have been adopted in most of the state-owned enterprises. Enterprises have switched from lifetime contracts to fixed duration labor contracts; they adopted remuneration systems based on performance and skill and followed new legal regulations requiring both employers and employees to contribute to the pension, maternity, unemployment, industrial accident, and medical insurance costs (*ibid*). The studies by Rowley and Benson (2003) and Cooke (2004) showed that private enterprises changed their systems from personnel management to strategic HRM. In the new HRM system, as Rowley and Benson (2003) and Cooke (2004) pointed out, employment was transformed from a "iron-rice bowl" employment system managed by the state to a market-driven system; employee selection was transformed from informal relations to a merit-based system; the compensation and reward system was transformed from a seniority-based to performance-based model; and employee training became more standardized.

Rowley and Benson (2003) stated that increasing unemployment, an ageing labour market, and reduced recruitment of young graduates triggered changes in Japanese HRM. Japanese companies began to adopt more flexible systems in terms of employment and payment of the employees (Hofstede, 1998). Benson and Debroux (2004) and Benson and Rowley (2003) indicated that the permanent employment system became more prevalent than lifetime employment. However, as Magoshi and Chang (2009) put it, lifetime employment is still practised in many Japanese companies. Zhu et al. (2007) and Salmon (2004) reported that types of employees were redefined as full-time employees, contractors, specialists hired temporarily because of their special skills, and part-time workers. The number of temporary and part-time workers increased

particularly between 1990 and 1999 (*ibid*). Magoshi and Chang (2009) stated that Japanese companies moved from seniority-based payment and promotion to performance-based payment and promotion. Zhu (2004) and Salmon (2004) confirmed the point that professional knowledge and performance were other criteria in addition to seniority when deciding on promotions. Salmon (2004) pointed out that in traditional Japanese HRM workers were encouraged to develop their expertise just for promotion, but later firms began to encourage specialist knowledge workers for ongoing development. Japanese firms began to focus more on job rotation that helps employees have an idea about “general management” (Rowley et al., 2004). In addition, as Zhu (2004) stated, Japanese companies put emphasis on the strategic importance of off-the-job training as well as on-the-job training.

In Taiwan, after the Asian financial crisis, the demand-driven labour market was transformed into an over-supplied labour market, which brought about issues such as downsizing, early-retirement, performance-based wages, rewards and promotions, and employment of contingent workers to the agenda of the firms (Zhu et al., 2007). In this process, lifetime employment underwent changes and some firms discontinued traditional HRM practices (Zhu, 2003). As Salmon (2004) put it, the number of contingent and part-time workers increased, which was a threat to employment security. Companies’ recruitment and promotion strategies also changed after the financial crisis. Salmon (2004) reported that Taiwanese companies began to recruit mid-career people with professional skills from the external labour market rather than recruiting entry-level staff while also to promoting employees from the internal market. He stated that firms began to adopt a cost-cutting approach in terms of recruitment and when necessary they took into account non-regular workers as well. The study of Yeung, Warner and Rowley (2008) indicated that during the post-crisis period, Thai companies began to adopt performance-based HRM and the HR function transformed into a strategic HR department. Companies began to perceive training as an investment rather than cost, and they supported on-going employee development (*ibid*).

#### 4. Korean HRM

The studies of Bae (1997) and Rowley and Bae (2002) defined the three main factors affecting Korean HRM as Confucianism affecting the national culture, the historical and political background of the country, and rapid economic growth in a short period of time. Many studies accept that the main factor affecting Korean HRM is Confucianism. This philosophical system had a deep impact on Korean society and culture in general, and the Korean management style in particular (Rowley and Bae, 2002). Cho and Yoon (2001) indicated that the characteristics of Korean management including in-group collectivism, the "work hard" philosophy, and loyalty to corporate ideology, paternalistic and seniority-based management, and hierarchical structure were all inherited from Confucian values. Warner (2002) confirmed the Confucian-based paternalism leading to a non-adversarial attitude of parties such as employees and employers.

Another factor affecting Korean HRM is its historical and political background. Korea was colonized by Japan between the years of 1910 and 1935. During this period, Japan affected every aspect of Korean people's lives including their management styles. As a result, Korean HRM adopted several characteristics of Japanese HRM such as lifetime employment and the seniority-based system (Rowley and Bae, 2002). In addition, Korean HRM has characteristics of the American management style because the US affected Korean society as well through economic and military cooperation during the post-Korean War period.

The third main factor was the remarkable economic growth in Korea. After the Korean War the country recovered in a short period of time and achieved outstanding economic success, which was called "the Miracle of Han River" (Bae, 1997). During this period between the 1960s and 1980s, Korean companies commonly adopted a seniority-based management system in which employees' compensation and promotion were decided based on the length of time they served the company. However, after this period employee management was affected by two breakpoints that were the democracy movement in 1987 and the Asian financial crisis in 1997 (Rowley and Bae, 2002). After the late 1980s, the military reign ended and democratization era started. In the new era, Korean companies increased their operations in the global market. During this period, employee

performance became important for companies in order to survive in the global market. As a result, the focus of Korean HRM shifted from a seniority-based system to a performance-based system (*ibid*).

Rowley and Bae (2002) suggested that the other breakpoint for Korean HRM was the Asian financial crisis. Korea was one of the countries severely affected by the crisis. It had no other option but to implement the IMF bailout program. The program required Korea to change its current regulations regarding employment and compensation of employees. Eventually, as Bae (2011) stated, the focus of Korean HRM shifted towards a flexibility-based market HRM. The study by Hofstede (1980) on international differences in work-related values showed that the Korean society is relatively collectivist, long-term oriented, authoritarian, and high power distance-oriented with a high degree of uncertainty avoidance in contrast to the Western society, which is low power distance-oriented with a low degree of uncertainty avoidance. The main characteristics of traditional Korean corporate culture are defined by the study of Bae (2011) as paternalism, hierarchical orientation, and collectivism. These characteristics are directly related to the Korean HRM concepts including the long-term commitment to the employees, seniority-based system, and job grade by cohort. In addition, Dastmalchian et al. (2000) indicated that the corporate culture of Korean firms is more person-oriented rather than task-oriented. Other general characteristics of traditional Korean HRM can be summarized as a seniority-based system, rank-based job grade systems, and limited lifetime employment (Bae, 1997; Kim and Kim, 2003). In addition, as stated by Bae and Lawler (2000), the labour policy of the firms was mostly based on loyalty, cooperation, and harmony.

Pucik and Lim (2001) stated that traditional Korean companies had a general administration department that was responsible for traditional personnel operations including recruitment and payroll. Furthermore, the study of Yu et al. (2001) showed that traditional Korean HRM was mostly based on people but not on the job; therefore, employees did not have clear and standardized job descriptions. Comprehensive and standardized recruitment processes were followed for white-collar employees while informal relationships, known as *yon-go* relationships, was used as a common means for the recruitment of blue-collar workers (Koch et al., 1995; Bae, 1997; Pucik and Lim, 2001). As stated by Lee (1998), people coming

from the same school, region, or the same blood were considered reliable and the companies evaluated them as important recruitment sources. In addition, Bae (1997) pointed out that Korean companies preferred new graduates to mid-career people, and generalists were preferred over specialists in order to preserve harmony.

The open-employment system, known as the *gong-chaе* system, became prevalent among companies especially after the 1980s due to the growing economy (Lee, 1998). In this new system, candidates were required to take a language test, a general knowledge test, and an essay test on specific topics. Lee (1998) stated that *yon-go* based recruitment system was implemented to maintain harmony in the organization. However, as he put it, the *gong-chaе* system was based on the educational background of the candidates and it was a more formal version of the *yon-go* based system. Lifetime employment was known as one of the main characteristics of traditional Korean HRM. In this employment system, an employee started to work in the company in an entry-level position and he was supposed to stay in the company until his retirement. Correspondingly, Korean firms did not have a formal layoff system. The studies by Song and Meek (1998) and Rowley and Bae (2004) reported the disproportion of female employees in companies. According to these studies, due to Confucianism that places men before women, managerial positions were mostly allocated to males while lower positions were dedicated to female workers. In addition, Kim et al. (2000) stated that lifetime employment was limited to male employees because female employees were already restricted in their participation in the labour force.

The studies by Pucik and Lim (2001), Chang (2006), and Miles (2008) stated that seniority was the essential issue for compensation and promotion in Korean companies. According to the studies, compensation was mostly composed of a monthly salary and bonus. The studies also showed that the major deciding factors for base pay were the educational background, experience and performance record of employees whereas allowances were decided primarily on the basis of overtime, length of service, and family-related issues of employees. In addition, Pucik and Lim (2001) pointed out that in traditional Korean companies pay differences were significantly high between university and high school graduates. The study of Bae (1997) showed that in general Korean companies did not have

standardized performance appraisal tools because the performance was not a critical issue for companies. Companies used appraisal tools to evaluate person-related attributes such as honesty and loyalty (*ibid*). These appraisal systems were mostly top-down oriented and no feedback mechanism existed to inform employees about the assessment results.

Employee development was specifically important for Korean companies as a result of the deep impact of Confucianism that emphasized the lifelong development of human beings (Bae et al., 2003; Rowley et al., 2004). Rowley and Bae (2004) indicated that Korea is not a rich country in terms of natural resources, but it is rich in terms of its hardworking and knowledgeable labour force. The authors stated that companies created competitive advantages by developing their human resources. The study of Bae (1997) showed that new graduates recruited by Korean companies were supposed to attend a number of training programs on technical and general issues. In addition, as he put it, qualified employees were sent to overseas training programs. Kim et al. (2000) pointed out that companies focused on the improvement of the quality of technical education at the vocational level and provided on-the-job training to the production employees to improve their skills.

## 5. Transformation of Korean HRM

The transformation of Korean HRM is referred to as the New HRM trend (NHRM) that is the transition from seniority-based management to performance management (Chang, 2006). Bae and Rowley (2004) stated that the main reasons triggering the change were the Asian financial crisis, globalization, and the foreign direct investment of international companies in Korea. After the 1997 Asian financial crisis and fierce global competition, Korean companies' organizational structure began to transform from a tall, hierarchical form into a flatter and compact structure (Kim et al., 2008). Lee and Kim (2006) stated that as a result of the transition from hierarchical, tall, organizational structure to a flatter structure, companies began to remove vertical hierarchy and adopt a team-based system. The studies by Frenkel and Lee (2010) and Choi (2004) reported that Korean companies shifted towards a "hybrid form of workplace organization" by

combining traditional practices and functional flexibility adjusting to the new environmental change of globalization.

Korean companies began to adopt a performance-based HRM, known as "best practices" in the large US and UK companies (Lee, 1998; Miles, 2008). Choi (2004) stated that Korean HRM became Americanized after the Asian financial crisis. New trends of Korean HRM practices were mostly based on flexibility and short-term efficiency (Kim and Kim, 2003). In addition, the study of Chang (2003) reported that more Korean employees began to adopt American work values including individualistic goals. On the other hand, as Miles (2008) put it, some Korean companies did not completely leave traditional HRM practices; instead, they combined the benefits of the Confucian culture with western style management practices.

Lifetime employment was the main feature of Korean HRM. However, after the Asian financial crisis, Korean firms tried different methods including downsizing and layoffs to cope with the negative effect of the crisis (Park and Yu, 2000; Kim and Kim, 2003). Cho and Keum (2004) stated that the deterioration of job stability in the Korean labour market was the case after the financial crisis and the most negatively affected groups were women, longer tenured, older, and less educated employees. In summary, Korean companies experienced a transformation from a seniority-based system to a performance-based system (Rowley et al., 2004). However, as Rowley et al. (2006) put it, tenure still remained as an important issue for many companies. Chang (2006) also stated that many Korean firms use a mixture of the seniority- and performance-based systems.

The traditional personnel department has been transformed into a more strategic HR department, in which white-collar employees became more important for competitive advantage. The study of Pucik and Lim (2001) reported that functions of the HR department also became specialized in sub-functions including recruitment, compensation, promotion, employee development, and performance evaluation. Recruitment and selection decisions became more decentralized and companies developed numerous new methods including internship programs, blind interviews, and offering fellowship before considering for regular recruitment (Kim and Kim, 2003). Companies that previously preferred only top university graduates as white-collar employees began to look for creative and

energetic applicants irrespective of their schools (Pucik and Lim, 2001; Bae, 2011). In addition, the study of Bae (1997) indicated that companies' recruitment system transformed from informal relations to competency-based procedures. He pointed out that companies began to adopt recruitment on demand in an on-going form rather than mass recruitment of new graduates.

Korean companies began to question the effectiveness of lifetime employment. After the financial crisis, they adopted flexible employment systems and increased the number of contingent workers. The study of Bae (1997) indicated that companies began to have three types of employees including core employees, full-time employees with poor performance, and contingent workers. He stated that companies followed different HR strategies for each group. Cho and Keum (2004) pointed out that the number of female workers dramatically increased in the companies. Nevertheless, as Kang and Rowley (2005) put it, women had limited promotion opportunities because they were mostly hired for part-time and temporary positions. Performance became more critical for the companies. Their payment and promotion system shifted from a seniority-based system to a merit-based system (Bae, 1997; Kim and Park, 1997). The study of Bae (2011) reported that individual and group performance became more important for incentive systems instead of regular bonuses. However, as Chang (2006) put it, seniority is still taken into account in the companies. The study of Kwon, Kim, Kang and Un Kim (2008) showed that Korean companies recently began to combine gain sharing- incentive system based on performance, cooperation, and employee participation- with annual bonuses in addition to the seniority-based system. Kim and Kim (2003) confirmed that Korean companies combined a group bonus system with the seniority-based payment system.

Companies developed a number of performance evaluation methods to evaluate employee performance fairly because performance became a critical issue for firms. The studies by Bae (1997) and Yu et al. (2001) defined these methods as multi-rater performance evaluation, known as the 360° evaluation method, management by objectives (MBO), and an absolute appraisal system which is standard for everyone. Traditional Korean companies did not have an appraisal feedback system to inform the employees. However, as stated by Bae (1997) and Yu et al. (2001), in new

HRM systems Korean companies began to provide regular feedback to the employees. Moreover, Pucik and Lim (2001) stated that managers were required to take appraisal training to conduct fair performance evaluations of the employees. The new HRM system required Korean companies to adopt a more systematic approach to employee development. Companies began to allocate more money for employee training and they diversified training options for different employee groups to gain competitive advantage with qualified employees (Lee and Kim, 2006). Kim, Kwon, and Pyun (2008) confirmed that human resources development became more benefit-centred rather than cost-centred. Therefore, as Kim and Kim (2003) put it, Korean companies began to carry out training programs that emphasize more technical skill and knowledge rather than loyalty and commitment to the company. In addition, Bae (1997) stated that large Korean firms began to provide their talented employees overseas training programs and education in foreign universities.

## **Conclusion**

This paper focused on the HRM practices in Asian countries and examined how the HRM practices in different countries changed in time. The analysis took place in two categories as traditional and transformational HRM. Traditional HRM in Asia was mainly based on seniority and limited empowerment of employees. Due to the changes in macro context including the Asian financial crisis, economic reforms, social and cultural changes, the HRM practices have been shifted towards a more hybrid people management approach. This hybrid approach combines traditional characteristics with new approaches including the strategic role of the HR department, fixed-term contracts, individual performance evaluations, career development, and flexible employment. However, as highlighted in the paper, the region of Asia should not be assumed to be the collection of countries with the same or similar characteristics. It is essential to consider the influence of nation-specific features of countries on their HRM practices. Although the countries experienced the same macro changes, their responses have varied to some extent.

In China, the state was the dominant authority shaping the traditional HRM and it was the primary employer that determines the rules of the

game. Under these conditions, the companies did not have a discretionary status but rather followed the rules and principles determined by the state. Due to changes in the macro context, the state began to play a more decentralised role whereas companies became more powerful in determining the HRM practices. In Japan, traditional HRM was formed of three pillars: lifetime employment, seniority-based system, and enterprise labour unions. But companies had to change their approach towards a more flexible HRM approach due to the changing market conditions. They had to employ mid-career people as well. In Taiwan, the major characteristics of traditional HRM were determined as hierarchy, paternalistic relationships between employer and employees, harmony, and loyalty. Confucianism had a substantial impact on shaping the work principles. Similar to Japan, in Taiwan and Thailand, HRM became more flexible and performance-based. As a response to changing conditions, Korea shifted its seniority-based HRM towards a more performance-based one. Korean firms adopted a team-based HRM approach while keeping their traditional characteristics.

Given the similar macro changes that Asian countries went through, however, the countries remain different within their national borders and keep their nation-specific characteristics to some extent. Therefore, the paper concludes that instead of a pattern of convergence, Asian countries reflect a divergence in their HRM practices due to their different responses to the changing conditions.

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