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# Human Resource Management with 'Asian' Characteristics: A Hybrid People-Management System in East Asia

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**Abstract** The central theme of this article is to illustrate the similarity and difference of people-management system among the key economies in East Asia. The article not only identifies what elements do exist in East Asian people-management system, but also examines other new elements being adopted into the existing system with the influences from the U.S. and Europe. The authors analyze the information on the changes of people-management system, factors causing the changes and time. The common phenomenon is that when there is a crisis, then that may provide some opportunities for drastic changes. The authors conclude the article by pointing out that HRM is in a reforming process towards hybrid people-management system in East Asia. However, this reforming process is not one-way only. A triangle-influence between East Asia, Europe and the U.S. is the reality. In addition, multi-factor are shaping the outcome of reforming people-management system in East Asia, identified as foreign influence, the State's influence, the stage of social and economic development, and national and organizational historical path. Other economies, no matter in East Asia or other part of the worlds, may draw some lessons from this study.

**Keywords** *East Asia, Europe, human resource management, hybrid, organization, reform, State, triangle-influence, transformation, the U.S.*

# **Human Resource Management with ‘Asian’ Characteristics: A Hybrid People-Management System in East Asia**

## **Introduction**

The concept of Human Resource Management (HRM) was developed initially in the U.S. in the 1960s and 1970s (Brewster, 1995). However, the formation of this concept was influenced by the increasing competition of manufacturing production predominately in East Asia, including Japan and the so-called ‘Four Asian Tigers’, namely Hong Kong, Singapore, South Korea and Taiwan. By adopting new management initiatives, such as HRM, the U.S. firms might develop certain competitive advantages in order to survive in the face of global competition (ie. Porter, 1990). In fact, some of the aspects within HRM paradigm were based on the Japanese management practices that had a profound influence not only in Japan, but also in entire East Asia in the 1960s and 1970s. The elements of cohesiveness and collectiveness, such as harmony, information sharing, loyalty, on-job-training, and teamwork etc. were key dimensions of the ‘new’ HRM paradigm, but had existed in East Asian organizations for a long time. By combining the predominate American-oriented, in other words, the individualistic elements of management practices with East Asian (particularly Japanese) management practices, the HRM paradigm was expected to improve the competitiveness of organizations and the well-being of both individuals and organizations (Schuler and Jackson, 1987).

Therefore, the conceptual formation of HRM was not a purely ‘Western’ notion, but a combination of both ‘East’ and ‘West’ conceptualizations. However, for many years, there has been a misleading view that the HRM has been seen and interpreted as a Western concept, then re-introduced into other part of the world. Such misunderstanding generated a lot of confusion and frustration among scholars and practitioners dealing with HRM issues. One of the obvious contradictions within the paradigm is the conflicting meaning between individualistic-oriented dimensions such as individual performance evaluation and rewards vs. collectivistic-oriented dimensions such as harmony and teamwork. People have tried to work out a certain

balance between these two extremes in their research projects and routine HRM practices with profound difficulty. Clearly, there was both a logical, as well as empirical contradiction involved in conceptualizing this synthesis.

Another confusion concerns the notion of adoption of HRM dimensions among organizations outside the U.S. Under the influence of the universalistic model of 'best practices' of HRM in the U.S., there has been a trend for organizations outside the U.S. to try to adopt these so-called 'best practices'. Two problems at least arise from following this trend. First, the 'best practices' in the U.S. may not be the best practices in other country, given that the cultural and value systems as well as institutional and structural factors are very different between countries and organizations (Aycan, 2005). Second, the notion of adoption is about taking on something new. However, given the background of the formation of the HRM concept in the U.S., some of the key dimensions already existed in organizations in East Asia. Then, it is misleading to claim that, for example, the Japanese organizations adopt these HRM dimensions, but in fact they had institutionalized many of these dimensions before the formation of the 'new' HRM paradigm in the U.S. Therefore, there is a confusion among many researchers regarding which elements of HRM belong to the East Asian tradition and which elements are adopted from the West.

Then, what is the point of conceptualizing HRM with 'Asian' characteristics? Firstly, we want to compare and contrast the current paradigm of HRM in the U.S. and Europe and to identify the characteristics of their HRM systems. Second, we can use the same logic to illustrate the similarity and difference of HRM systems among the key players in East Asia, as well as between East Asian and the U.S. and Europe. The process of the illustration can not only identify some of the key aspects of HRM being practiced initially in East Asia or others being adopted from the West and transformed into the current practices among organizations in East Asia, but also explore the factors that influence the development of people-management systems in East Asia. Finally, the theoretical and empirical implications can be drawn through comparing and contrasting the characteristics of HRM transformation and practices in East Asia and other part of the worlds, namely Europe and the U. S. The eventual goal is to illustrate the relationship between HRM systems and the factors and processes determining the development of these systems in East Asia, and consequently, some

common phenomena can be drawn as HRM with 'Asian' characteristics. This new synthesis may be seen as both cross-national and even cross-cultural but contained within defined boundaries.

Therefore, this article has the following sections. Section 2 compares and contrasts the dominant paradigm of HRM in the U. S. and Europe, namely the 'Matching Model', the 'Harvard Model', the 'Contextual Model', the '5-P Model', and the 'European Model' (Budhwar and Debrah, 2001). By using the outcome of these comparisons, we can identify the key aspects of HRM systems in East Asia in Section 3 by reviewing the historical evolution and current practices of HRM in Japan, South Korea and Taiwan as developed economies, Malaysia and Thailand as newly developing economies, and China and Vietnam as socialist market transitional economies. These three groups represent the majority of East Asian economies as developed, newly developing and transitional economies. Section 4 discusses the factors that influence the evolution process and determine the current HRM practices in East Asia. Finally, Section 5 highlights the finding by developing the concept of HRM with 'Asian' characteristics in comparison with European and the U.S. systems.

### **Dominant paradigm of HRM in the U.S. and Europe**

In the West, namely the U.S. and Europe, the concept of HRM experienced a process of evolution from traditional model to a more concurrent one. The initial development of HRM concept was based on the 'resource' aspect of HRM and that effective utilization of human resources could lead to the realization of business strategy and organizational objectives (Fombrun *et al.*, 1984). The so-called 'Matching Model' links different personnel functions to an organization's strategy and structure (Galbraith and Nathanson, 1978), and it emphasizes a 'tight fit' between organizational strategy, organizational structure and HRM system. The further development of this model is along the lines that the successful implementation of different organizational strategies requires different 'role behaviours' on the part of employees, who must exhibit different characteristics (Schuler and Jackson, 1987). This model maybe said to represent a typical U.S. oriented unitarist approach towards people-management system that emphasizes managerial autonomy and legitimizes managerial control over employees (Boxall, 1992). Such an approach has been

challenged by both pluralists and more extreme critics such as those emphasizing the 'labour process' (Hyman, 2001).

To complement the 'hard' oriented 'Matching Model', another analytical framework was developed namely the 'Harvard Model' with certain 'soft' variances. It pays attention to the 'human' aspect of HRM and is more concerned with the employer-employee relationship. This model highlights the interests of different stakeholders in the organization and links their interests with the objectives of management. By identifying four HR policy areas, such as HR flows, reward systems, employee influence and works systems, organization can achieve positive outcomes such as commitment, competence, congruence and cost effectiveness (Budhwar and Debrah, 2001). This model reflects a certain degree of awareness of both the European context that emphasizes 'co-determination' as well as East Asian values based on the human relations tradition (Boxall, 1992).

The 'Contextual Model' was based on the 'Harvard Model' by developing an understanding of strategy-making in complex organizations and related this to the ability to transform HRM practices (Budhwar and Debrah, 2001). Based at Warwick Business School, Hendry *et al.* (1988) and Hendry and Pettigrew's (1992) research claims that organizations may follow different pathways to achieve positive results due to the existence of a number of linkages between the external socio-economic, technological, political-legal and competitive environments as well as internal factors such as organizational culture and structure, leadership, task technology and business output. These linkages form the content of an organization's HRM and see past information of management changes and organizational development as essential to identify unique HRM practices (Sparrow and Hiltrop, 1994).

The theoretical debates on HRM amongst academics intensified in the early 1990s and the general trend was to now explore the relationship between strategic management and HRM (Boxall, 1992; Guest, 1991). The emergence of the term 'strategic HRM' is an outcome of the effort to integrate HRM into business strategy (Schuler, 1992). In this view, SHRM has multiple components such as HR policies, culture, values and practices. Schuler (1992) developed the so-called '5-P' model of SHRM, namely philosophies, policies, programs, practices and processes. This model

brings interrelated activities together in achieving the organization's strategic needs (Budhwar and Debrah, 2001). It also demonstrates that the influence of both internal and external characteristics on the strategic business needs of an organization. However, this model suffers from being over-prescriptive and too hypothetical in nature so that is difficult to implement in practices (*ibid*). It may be of interest to scholars but is less so to management practitioners.

In contrast to these so-called mainstream HRM approaches, a European-based model was developed in order to reflect the reality of European organizations and their surrounding environments with restricted autonomy (Brewster, 1995). By the 1990s, the European Union (EU) had developed a large market rivaling that of the U.S. Brewster (1995) identifies both external and internal factors that influence the formation of HRM in European organizations. The external factors are in the form of the legalistic framework, vocational training programs, social security provisions and the ownership patterns (public and private). The internal factors such as organizational culture, union influence and employee involvement in decision-making through workers' councils have had a profound impact on management policy and practices and business operation (Budhwar and Debrah, 2001). Therefore, the 'European Model' highlights the influence of national cultures, ownership structures, role of the State and trade unions on HRM in different national settings within the context of increasing EU integration and the adoption of common EU labour legislation. In addition, Brewster (1995) emphasizes the need for a more comprehensive understanding of the role of different players in developing the concept of HRM and testing its international applicability.

From the review of these different HRM models, we can see that the evolution of the HRM concepts is essentially an inductive process. In particular, the earlier stage of HRM development, such as the 'Matching Model' and the 'Harvard Model' has a profound influence on the formation of later the 'Contextual Model' and the '5-P Model'. In fact, the 'European Model' has strong elements of both the 'Contextual Model' and the '5-P Model'. These findings provide a certain direction for the following research exploration by identifying the evolution and transformation of HRM in East Asia. By reviewing the development of people-management systems in

a number of East Asian economies, we hope to illustrate certain patterns of formation and development of the HRM paradigm in East Asia.

### **The development and transformation of HRM in East Asia**

We select three groups of East Asian economies to represent the general trend of development and transformation of both economic changes and people-management, namely developed economies such as Japan, South Korea and Taiwan, newly developing economies such as Malaysia and Thailand, and socialist market transitional economies such as China and Vietnam. Table 1 demonstrates the key indicators of their economic development and labour market situation. Generally speaking, most economies recovered from the shock of the Asian Crisis and experienced positive growth in recent years. In 2005, both China and Vietnam had remarkable economic growth with above 7 percent of real GDP increase. Even Japan after many years of negative growth, it had positive 2.4 percent GDP growth. Labour force and participation indexes show that there were more than 70 percent male labour participation rate among the case economies and female participation was also very high in China, Thailand and Vietnam with more than 70 percent. We are aware that the unemployment rate was not real reflection of the unemployment situation in East Asia due to many reasons such as lack of registration system and employment agencies, floating population between rural and urban regions, and serious underemployment situation. Based on the official figures, the overall unemployment rate was relatively lower in East Asia compared with other part of the world, in particular other developing economies.

#### **Insert Table 1 about here.**

Now we turn the article to the specific cases in terms of their development and transformation of HRM. In Japan, three ‘pillars’ have been identified as the foundation of the traditional Japanese HRM model, namely lifetime employment, seniority-based wage system and promotion, and enterprise labour unions (Sano, 1995). The management pattern in post-war Japan has been defined as paternalist and the company is seen as a ‘family’ with harmony, hierarchy, and group-orientation (Zhu and Warner, 2004a), but interestingly enough has Taylorist influences (see

Warner, 1992). These management characteristics have a significant cultural background rooted in Confucianism that emphasizes a system of well-defined networks of mutual obligations as developed in modern enterprises (Koizumi, 1989): management emphasizes long-term recognition of the economic and social needs of its employees and their families, in return, the employee is expected to have high commitment and acceptance of rapid organizational and technological change (Moore, 1987).

However, increased global competition, the poor state of the Japanese economy and demographic pressures related to an ageing workforce have built up the pressure to reform the Japanese management system, including HRM reform (Benson and Debroux, 2004). The major changes include: 1) introducing a more flexible employment system in order to adjust labour costs according to short and long-term economic trends by breaking employees into three groups, namely the 'first world' of core employees with regular and full-time employment, the 'second world' group of contractors and specialists, and the 'third world' group of temporary and part-time workers; 2) a gradual shift towards an economically rational merit-based appraisal system for wages and promotion to replace the traditional seniority-based (age and tenure) system (Zhu, 2004). In almost a decade of economic stagnation, the structural adjustment and enterprise reform programme has been painful and achieved with significant human cost.

In general, human resource development (HRD) becomes an important element for upgrading skills and matching employment with industry's needs (see Zhu, 2004). In addition, the HRM system is undergoing transformation in Japan and a process of considerable experimentation. The characteristics of a new HRM system can be reflected in the areas such as where employees are provided with more flexibility in recruitment, work conditions and payment systems, a more individualized employment system where performance determines remuneration and promotion, an increase in the importance of HR managers' role to introduce new recruitment, evaluation and remuneration strategies, and increasing contract employment within the norm of permanent employment system (Benson and Debroux, 2004). In the process of reform, experimentation is a crucial aspect. Given the trends of the reform towards a more individualized employment system, it often has had a reverse effect as

individual workers' attempt to improve their own performance at the expense of collaborative efforts, such as losing information and lower productivity (*Ibid*). Therefore, re-introducing a collectivist management approach is sometimes inevitable (see Suzuki, 2001). This demonstrates that certain 'new' HRM elements may clash with national and organizational cultures and could be counter-productive.

As Benson and Debroux's (2004) research demonstrates, there are a number of factors influencing the process of HRM changes in Japan: 1) the increasing mismatch of traditional HRM and business needs; 2) the increasing needs to shift from a seniority and skill-grading system towards meritocracy; 3) the changing attitude towards the organization and work by younger Japanese; 4) downsizing and retrenchment, as well as the inability of unions to protect jobs leading to the loss of faith in the traditional model of HRM. However, other factors generate some resistance towards changes and certainly slow down the speed of HRM changes: 1) the nature of reform with experimentation created uncertainty in some leading companies and subsequently rejection of many of these changes occurred; 2) the legal framework, such as dismissal laws that protect employees from dismissal, remains deeply entrenched and dramatic changes cannot be expected in the foreseeable future (*Ibid*). The evidence in Japan therefore demonstrates that, as one of the leading economies in East Asia, Japanese HRM is in a transitional and experimental stage and appears to be developing a *hybrid* model at this stage.

Another example of developed economies in East Asia is that of South Korea. Korea was one of the 'Four Asian Tigers' that experienced a long period of economic growth since the 1960s. The traditional value system was based on Confucianism that has a profound influence on family and social life, as well as on business (Rowley and Bae, 2003). Japanese influences in Korea are also strong due to its colonial history and post-war economic ties with Japan. Some Japanese HRM practices could be found in Korean firms such as lifetime employment and seniority pay and promotion (Bae and Rowley, 2004). Loyalty was important like in Japan, but it was focused on individual personal relationships rather than individual towards organization (Kim and Briscoe, 1997). In addition, U.S. military and economic support was important for the survival of South Korea and consequently the impact on managerial, business and academic outlook and views was overwhelming in the post-war period

(Bae and Rowley, 2004). Due to the military confrontation with the North Korea, most male employees and managerial staff experienced military training and naturally brought many army training principles into enterprise management (*Ibid*).

The significant changes, both in terms of economic development as well as management practices, occurred after 1997 Asian financial crisis. The Korean economy was negatively influenced by the crisis but recovered quickly after adopting some drastic changes by the government and the business community. In recent years, the management practices in general, HRM in particular, have been subject to systematic reform. For example, the core ideology of the traditional Korean HRM system has changed from a collective orientation such as ‘organization first’, ‘collective equality’ and ‘community orientation’ towards individualistic and market orientation like ‘individual respect’, ‘individual equity’ and ‘market principle adopted’ (Bae and Rowley, 2001). The fundamental aspects of Korean HRM system such as lifetime employment and seniority based pay and promotion have been gradually replaced, it is argued, by the employment flexibility model.

Bae and Rowley’s (2004) study identifies four key areas of HRM under transformation: 1) recruiting competencies - patterns have changed from mass recruitment of new graduates to recruitment on demand, and from generalist orientation to specialists with general creativity; 2) reinforcing competencies - de-emphasize seniority while increasing the importance of performance and ability; 3) retaining competencies – using training and development mechanism to upgrade skills and retain capable employees while adopting new job design to divide core employees from poor performers and contingent workers in order to retain core HR competencies; 4) replacing competencies – introducing employment flexibility and outplacement to replace lifetime employment.

The key factors influencing the HRM changes in Korea include: 1) environmental turbulence; 2) strategic choice; 3) institutional influence (see Bae and Rowley, 2004). The most important influence on changes is the 1997 Asian Crisis. ‘IMF’ intervention and consequently changing government policy and business activities created an environment that flexible labour market regulation and firm-level employment relations became more easily institutionalized than before. In addition, the business

community adopted a strategic choice approach by introducing policies on labour-cost control and autonomy to hire and fire employees.

Generally speaking, as another developed economy in East Asia, South Korea has experienced dramatic changes in terms of economic development and management practices. The economic crisis led to firm-level restructuring through downsizing, early retirement, performance-based incentives and employing contingent workers. Institutional contexts also have changed. As Bae and Rowley (2004) claim, it seems that a new era of Korean HRM has arrived with traces of past practice and continuity and uncertainty regarding the future.

The third case of a developed economy in East Asia is Taiwan. The Taiwanese management system is rooted in the traditional Chinese culture and values and includes predominantly small-sized family businesses, coupled with strong family control and an extensive subcontracting business network (Chen, 1995). In the first half of the twentieth century, Taiwan, like South Korea, was also colonized by Japan and Japanese influence was widespread, including its management system, even during the post-war period. The key characteristics of Taiwanese management system can be identified as hierarchy, paternalist beliefs, personal loyalty, harmony, and the tendency to cultivate individuals into a family- and group-oriented and socially dependent being (Zhu and Warner, 2004a).

Since the 1960s, Taiwan's economy had experienced sustainable growth until the late 1990s. Even during the 1997 Asian Crisis, Taiwan's economy still maintained a level of moderate growth, without the negative outcomes experienced in other Asian economies (Zhu, 2003). However, it does not mean that there is no problem within the Taiwanese economy. In fact, many potential problems exist and could lead to a crisis. In recent years, the introduction of a flexible and progressive management system has been seen as an important factor for the survival and success of individual firms and the economy as whole.

As Zhu's (2003) research illustrates, these changes occurred as part of a response towards the Asian Crisis as well as economic restructuring within Taiwan and economic regionalism in East Asia: 1) after the crisis, the key economic indicators

showed the trend of changes from high economic growth and demand for extra labour (including foreign labour) to low economic growth and increasing unemployment. In that sense, the labour market environment has changed being from demand-driven to over-supply of labour. Therefore, downsizing, early retirement, performance-based wage and promotion and employing contingent workers became important aspects of new HRM practices; 2) MNCs have had a profound impact on adopting international standardized HRM practices, eg. European or US-owned firms or JVs have more individualist values. Foreign-owned enterprises (FOEs) are more likely to have individual-based performance evaluation and rewards systems and also significantly influence the HRM practices among local firms (also see Chen *et al.*, 2005); 3) most firms applied such HRM practices as adherence to rules, common values and norms, ‘transformational’ management roles, importance of line-managers and freedom of personnel selection.

The changes of the macro-economic environment, due to the 1997 Asian Crisis, have been an important stimulus to HRM change in Taiwanese enterprises that have since implemented strategies towards enhancing individual firms’ competitiveness. Economic restructuring within Taiwan and in East Asia has led to relocation of some of the production processes from Taiwan to other Asian developing countries such as the Mainland China, Cambodia, the Philippines, Malaysia, Thailand and Vietnam (Zhu and Warner, 2001). Nowadays, many MNCs carry out regional production strategies and see Taiwan as only one site of their regional production. Re-organization and restructuring of production systems between Taiwan and other Asian countries by MNCs has now become more important than ever before. Other changes among Taiwanese firms, such as state-owned enterprises (SOEs) and private-owned enterprises (POEs), include giving up low value-added products and moving to high value-added products, reducing business scale and business products, by concentrating the core-business sector on competitiveness, outsourcing some of the business and only employing new employees where they are casual workers (Zhu and Warner, 2001). Lifetime employment has been phased out among a majority Taiwanese firms and even the SOEs will end it soon (Zhu, 2003).

Based on the review of these three developed economies in East Asia, some common trends can be identified. However, in order to achieve a wide range of representation

in East Asia, we now turn to the examples of two newly developing economies, namely Malaysia and Thailand.

Malaysia is distinguished by its multi-ethnic social structure consisting of Malay Muslims, Malaysian Chinese and Indians (Smith and Abdullah, 2004). In the past three decades, Malaysia has been highly dependent on foreign direct investment and has achieved rapid economic growth until the 1997 Asian Crisis. As Smith and Abdullah (2004) claim, the crisis had significant impact on both national economic development and firm-level HRM practices. Three aspects must be addressed here: 1) global pressures on foreign MNCs to drastically change their staffing policies; 2) both informal level of local/traditional 'culture' that work together with the formal practices of modern HRM systems (*Ibid*); 3) the State retaining a fulcrum role in employment relations (Bhopal and Rowley, 2002).

Some common Malaysian cultural values, regardless of ethnic identity, emphasize harmony, respect for elders, acceptance of hierarchy and group oriented interests over individual interests (Asma, 2001). A large number of overseas Chinese (*nanyang huaqiao*) family businesses followed the traditional Confucian value system and adopted paternalist management systems. Both effective external and internal relationships (*guanxi*) are key factors for business success. Seniority is important for reward and promotion. Basic training is provided to majority employees and the government also pays attention to develop the national HRD plan with a focus on lifting local Malay Muslims' employability. Employers are normally hesitant to dismiss employees due to considerations of maintaining harmony at the level of workplace and local community.

However, the 1997 Asian Crisis had a fundamental impact on management practices. The major change was to introduce 'hard' HRM measurement, such as retrenchment and so on. In the post-Asian Crisis period, majority companies adopted retrenchment policy (see Smith and Abdullah, 2004). In addition, by introducing new technology and automation systems, the requirement for new employment was also reduced. Short-term fixed contract systems were adopted by not only MNCs but traditionally family-owned businesses. The consequence was that the management team became less loyal to the family owners and short-term cash gain was the major attractive

factor for both managerial staff and employees. The so-called 'survival is the best motivation' influences both senior management teams and grass-root production teams. The reward systems were linked with the outcomes of performance. Both group-based and individual-based performance systems were adopted among majority companies and individual oriented factors such as skills and performance became increasingly important determining factors for rewards, in contrast to the traditional seniority-based pay systems. Furthermore, most companies used multi-skilling to cope with the 1997 Asian Crisis. They did not cut training budgets, but placed a higher emphasis on training and up-grading existing employees and their skills. MNCs and big national companies continued to utilize sophisticated international HRM consulting and training firms (*Ibid*).

The case of Malaysia shows that more 'hard' HRM oriented policies and practices have been adopted among the majority companies since the 1997 Asia Crisis, no matter whether MNCs or national big companies and family-owned businesses. The new initiatives emphasized HRM with the so-called 'flexible' orientation, such as the managerial rights to hire and fire, short-term contract, individual performance-oriented pay and promotion, and downsizing and retrenchment. The 'soft' part of HRM has been maintained along the lines of key aspects of Malaysian cultural and value systems, such as managerial concern to help employees and employee compliance with new managerial measures (*Ibid*).

Thailand is another newly developing economy that saw substantial economic growth in the 1980s and most part of 1990s. Thai culture is rooted in Theravada Buddhism, which differs in many respects from the type of Buddhism in East Asia. It promotes a more passive acceptance of life events and fatalism (Lawler and Atmiyanandana, 2004). Unlike the Confucianist approach, a strong preoccupation with personal accomplishment is not particularly central to Thai identity (*Ibid*). However, some commonalities with other East Asian nations do exist in Thai culture, such as humility, deference to superiors, loyalty to the group, reliance on social networks and preferential treatment of network members, pursuit of harmonious relations and avoidance of conflict and maintaining face (*Ibid*). Quality of life and the concept of 'having fun' are important factors that influence Thai people's work and social life.

The Thai economy had experienced sustained growth since the 1980s with a large amount of foreign direct investment (FDI) in labour intensive, low value-added and export-oriented industries. The investment from Japan was one of the major sources of FDI and subsidiaries of Japanese based MNCs tended to utilize many Japanese management practices (*Ibid*). Economic development in the 1990s was mainly positive with double-digit growth and low inflation until the 1997 Asian Crisis. The crisis started in Thailand initially and then moved to many other Asian economies. Large external debts, a significant real estate 'bubble' and misconduct of business management were the key triggers for the crisis occurred in Thailand. External support such as IMF intervention and internal restructuring led to economic and social stability by 2002 (*Ibid*). A reform agenda of business operations and management practices was one of the key aspects of entire restructuring package.

Lawler and Atmiyanandana (2004) identify three types of enterprises in Thailand, namely family enterprises, Thai-owned corporations and foreign-owned enterprises (FOEs). Family enterprises are smaller or medium-sized and rely on the conventional management practices of Chinese-style family business. HRM practices are simple and informal, with personal relationships being very important in hiring, the determination of wages and promotions. Seniority is an important factor for reward and promotion rather than either the external labour market or internal equity (*Ibid*). Thai-owned corporations were formed out of family business or through privatization of SOEs with widespread ethnic Chinese investment. Although there are increasing numbers of professionally trained managers working for this type of organizations, the core Thai cultural values such as collectivism and intra-group harmony, deference to authority, humility, self-restraint, and consideration for others still dominate management practices. Therefore, it is difficult to implement the Western-based model of 'high performance work systems' (HPWS) in these organizations. However, foreign MNCs, in particular among US-based and European-based MNCs, apply rationalistic and systematic approaches to HRM, based on notions of international 'best practices' (*Ibid*).

Lawler and Atmiyanandana's (2004) work demonstrates some shifts in HRM practices after the Asian Crisis and these changes include: 1) moving towards performance-based pay at both the individual and group levels; 2) increasingly

viewing training as an 'investment' rather than a 'cost'; 3) adapting a 'core-peripheral' approach to workforce management, 4) more strategic role of HR field. This research also provides an explanation of the factors influencing the changes. Key aspects such as global competition and the Asian Crisis have led to a greater call for accountability and transparency, reforming commercial law and corporate governance. These pressures have pushed both locally-owned and MNCs towards benchmarking management practices against international 'best practice' (*Ibid*). The general trend of HRM practices in Thailand tends to transform towards a more flexible HPWS rather than the traditional approach, although MNCs are generally ahead of locally-owned enterprises.

The last group of East Asian economies we have chosen includes China and Vietnam. Both of these have similar traditional cultures that are predominately Confucianism, and in recent years, they have been transformed themselves from centrally planned socialist systems to a more market oriented one but still with the so-called 'socialist characteristics'. Economic reforms and an 'open door' policy have led to significant changes in the society and the emergence of new interest groups, the inflow of foreign capital and the diversity of ownership of enterprises, and a large and floating population, moving from the countryside to the cities, have accentuated conflicts of interest and require a more relevant employment relations policy at macro-level, as well as HRM strategies at micro-level to cope with these challenges.

China is the birthplace of the ancient philosophies that have long influenced the East Asian region, such as Confucianism and Daoism (see Zhu and Warner, 2004a). The 'Liberation' in 1949 imposed an ideology of Marxist-Leninism, coupled with Maoist ideas. It lasted until Mao Ze-dong died in 1976. In 1978, Deng Xiao-ping introduced economic reform as the central task for the Party/State and people. In fact, reforming employment relations systems was part of the reform agenda since the early 1980s (Warner *et al.*, 2005a).

The transformation of people-management systems towards HRM started in the middle of the 1980s (see Child, 1994; Warner, 1995, 1999, 2000, 2004). Initially, HRM as an academic concept was introduced by joint teaching-arrangements between Chinese and foreign universities as well as in management practices in foreign-owned

enterprises, mainly from Japan, the U.S. and Europe (Warner, 1995). The translation of HRM into Chinese is '*renli ziyuan guanli*' (with the same Chinese characters as in Japanese) which means 'labour force resources management'. But in fact, some people now use it misleadingly as a synonym for 'Personnel Management' (*renshi guanli*) and indeed often treat it as such (Warner, 1997). This older form of PM practice is still very common in state-owned enterprises (SOEs) and a fair degree of conservatism continues to pervade the administration of personnel in such enterprises. Certainly, it is still very far from the concept of HRM as understood in the international community (Poole, 1997). We have coined the phrase 'HRM with Chinese characteristics' to accommodate the character of transformation (Warner *et. al.*, 2005a).

The term HRM is in fact mostly *de rigueur* in the more prominent Sino-foreign JVs, particularly the larger ones (Ding *et. al.*, 2002; Warner *et. al.*, 2005a). Even in these types of firms, management seems to be more inward-looking, with a focus on issues like wages, welfare and promotion as found in the conventional personnel arrangements, rather than strategic ones like long-term development normally associated with HRM (Zhu and Warner, 2004a).

The empirical research study of Ding *et. al.* (2002) shows that MNCs and some joint ventures both adopted more international standardized HRM policies and practices. In contrast, SOEs remained more conservative regarding changes with their 'iron rice bowl' (*tie fan wan*) policies. In addition, township and village enterprises (TVEs) and other domestic private enterprises (DPEs) had much more autonomy in their people-management compared with SOEs. Regarding the changes of HRM in SOEs, Benson and Zhu's (1999) research identifies three models of transition: 1) a minimalist approach, where organizations have made little attempt to adopt a HRM approach; 2) a transitional stage between the old and the new forms of people-management; 3) an innovative attempt to adopt the HRM paradigm. The fact is that liberalization of economy and the introduction of foreign investment have created the opportunity for Chinese domestic enterprises to adopt some of the widely used Western and Japanese HR practices. The SOEs that are involved in JVs or contracting arrangements with foreign companies are more likely to have adopted the 'new' HRM. Therefore, globalization, more business-oriented beliefs and a stronger customer-oriented

strategy are crucial determinants whether enterprises engage in HRM practices (Benson & Zhu, 1999).

Overall, the major changes started in the mid-1980s when the 'labour contract system' was introduced (Warner and Ng, 1999). Two important aspects are associated with the introduction of the 'labour contract system': 1) adopting individual labour contracts with fixed-term (one to five years) to replace the old 'life-time' employment system; 2) 'individual' contracts were supplemented by 'collective' contracts in the mid-1990s, and that provided opportunity for trade unions to be involved in signing 'collective' contracts at firm-level and set up a 'framework agreement' for the myriad individual contracts in the enterprise (Warner, 2004). It must be made clear however that this contract is not fully equivalent to Western-style collective bargaining as there are no independent unions. In addition, there is increasing autonomy of management, issues such as the rights to hire and fire, performance evaluation, managerial decision on performance standards and the way of conducting evaluation, performance related matters, such as pay and promotion.

Since China joined the WTO, it has added an international dimension to the complicated domestic employment relations systems (Zhu and Warner, 2004b). There was increasing pressure from international governing bodies, such as the ILO and WTO and other international trade unions like the International Confederation of Free Trade Unions (ICFTU), with regard to the issues of labour rights, the role of unions and labour standards, as well as broader concerns about human rights, social protection and political reform in China (*Ibid*). The empirical study of Zhu and Warner (2004b) regarding firms' response towards WTO accession identifies that an increasing number of firms have an active response through innovative strategies and new HR practices. Enterprises with foreign ownership, those that have transformed from SOEs to joint stock enterprises (JSEs), those that are located in the coastal region, those have weaker links with the traditional State planning system, those have experienced modern management systems and internationalization, and those in high-value-added sectors and the new economy are more likely to have proactive HRM responses (*Ibid*).

Clearly, at this time, there is no a homogeneous model of HRM in Chinese enterprises. Individual enterprises are reforming their HRM systems differently on the basis of their existing conditions and the impact of the economic reforms.

As another socialist market economy, Vietnam has experienced many changes, from the early years of Chinese political and cultural influence (111 BC - 939 AD), French colonization, Japanese invasion, and American occupation, to later communist rule and independence, and more recently economic reforms and entering the global economy. Therefore, there are significant marks left in Vietnamese society from all those historical events.

Fundamentally, traditional thinking in Vietnam has been influenced by ancient Chinese philosophies, predominantly by Confucianism. For many years, Vietnam had been the focal point of the struggle for and against colonialism, of the ideological war between capitalism and socialism and, more recently, of the conflict between different approaches of reform (Beresford, 1989). Vietnam started taking its first steps towards economic reform in 1986, marked by the party-state resolution of '*doi moi*', namely economic renovation (Perkins, 1993; Ljunggren, 1993).

Before the economic reforms started, SOEs were the major economic sector and they were integrated into a system of mandatory state planning (as in China). Enterprise inputs, including labour, were assigned by a Five-Year government plan. Enterprises did not necessarily acquire labour with the right set of skills and were invariably overstaffed because the labour administration arranged employees for individual firms (Doanh and Tran, 1998). In addition, enterprises had few ways to motivate or discipline employees. The reward-system had only an indirect relation to enterprise efficiency and individual labour effort. It was based on a narrowly defined egalitarianism as well as the tendency to reward labour on the grounds of seniority and contribution to the Party as well as to the war-effort in the past.

In order to create a more flexible people-management system as part of the reform agenda, the government relinquished its control over the recruitment and employment of workers. Therefore, individual firms gained the autonomy to decide on the number of workers hired, the terms of employment and the discharge of employees. Even so,

there has been a relatively slow pace of transforming life-time employment into a new contract-employment system, with predominantly fixed-term contract employment, since the new system was initially introduced in 1987.

Another major change has been the transformation of wage-system. The central task was transforming the old egalitarian system in which levels of wage were based on length of service, to the new system in which levels of wages link more closely with company and individual performance in terms of profit, productivity, responsibility and skills. The employee however now receives a basic wage and additional benefits that accrue from several forms of bonuses (Zhu and Fahey, 1999).

The third issue of reforming people-management system is changing the old welfare system into a new social insurance system (Norlund, 1993). The old 'from cradle to grave' type of welfare system (even it only covered a minority of labour force who were working at public sector) is considered a financial burden on enterprises. Thus, individual firms seek ways to minimize welfare costs. In order to speed up the reform process and reduce the burden of SOEs, the government issued a new policy on introducing social insurance system to replace the old welfare system.

The fourth issue of reforming the people-management system has been in the area of management-labour relations. Certainly, the central aim of economic reform is increasing the autonomy of enterprise management. The results are varied, but it seems that managers have enjoyed an increase in power. In addition, informal bargaining remains important to the success of the enterprise and this proceeds most smoothly through personal connections. Although economic reform is premised on a reduction of Party influence in the enterprise, political networks form a readily accessible structure for informal bargaining and personal connections, generating problems ranging from unpredictability to corruption (Zhu and Fahey, 2000).

A survey made by one of the authors shows that the realisation of flexibility and competitiveness of enterprises depends on the type of people-management system established and practiced by the management (Zhu, 2002). There is a mixture of control and nurturing in management practices. Most senior management have taken

on a more transformational leadership, and the middle management and the HR manager show a more transactional approach. In addition, more firms emphasized personnel procedures and rules as the basis of good managerial practice. This indicates that compliance with rules was more important, although the aim is how to encourage greater employee commitment (Zhu, 2002 and 2005). In addition, the variation concerns the strategic role for the HR manager is also problematic. Generally speaking, the position of the HR manager was not a specialized one and in most of the firms was filled by line-managers (Zhu, 2002). The HR managers had little involvement in their firm's strategic planning. In fact, the HR task was more operational (wage, social welfare calculations and so on) than strategic. This was clearly the traditional role of the so-called 'personnel manager'.

In addition, a paternalist management pattern still has certain residual influence (Warner *et. al.*, 2005b). However, in the post-reform era, this attitude has gradually changed, especially among younger employees. The new fixed-term contract employment system has largely contributed to this change. The philosophy of collectivism is also found in the Vietnamese organization in terms of their group-oriented approach. Group-based activities including teamwork and decision-making, quality-control and incentives are common managerial practices. In Vietnamese organization, leadership and decisions are team-centred (Zhu, 2002). Another group-based matter is a collective-oriented bonus (Zhu, 2002). Information-sharing schemes have been widely adopted as well. In fact, not only was general information on production plans and schedules provided, but also this information was accompanied with strategies to improve production and employee performance. Individual grievance mechanisms also existed in a majority of the firms. In most of the cases, parallel grievance channels through both HR and the trade unions also do exist.

Based on these findings, Zhu's (2005) recent empirical research adds *numerically flexible strategies* and *functional flexibility strategies* into consideration in order to illustrate the changes of people-management in recent years, in particular since the Asian Crisis. The findings suggest that labour flexibility strategies were not fully adopted by the sample companies. The results indicate that political, cultural, legal

and economic factors make labour flexibility in Vietnam are different from that in other countries (Zhu, 2005). For instance, companies are not able to adjust the size of regular employees due to the constraints of legislation. In addition, Vietnamese cultural traditions that place great emphasis on organizational and personal commitment, and harmonious working environments prevent the full deployment of functional flexibility (Zhu, 2005).

## **Discussion**

One of the central themes of this article is to illustrate the similarity and difference of HRM systems among the key players in East Asia. Table 2 identifies the key characteristics of people-management in East Asia by summarizing the major comments on the seven East Asian economies reviewed in the previous section. This table presents these cases by dividing the issues into three sub-categories, namely existing dimensions, the U.S. influence and the European influence.

**Insert Table 2 about here.**

By examining the existing dimensions horizontally, we can see that under the group orientation section, almost all the cases have very high of those four key dimensions, namely common goal and value, group-based performance evaluation, group-based incentives and teamwork. There are three items with high rather than very high level, namely group-based incentives in Malaysia and Thailand where individual incentives also influence the incentive schemes in certain degree compared with other cases, while teamwork is high in China, but not very high due to the disruption of the ‘Cultural Revolution’ with some internal fighting elements at workplace that planted the roots of certain suspicious among co-workers.

Among the other dimensions, harmony is very high in most of the cases except China with high level due to the same reason under the influence of the ‘Cultural Revolution’. Communist egalitarian principle also influences China and Vietnam

having less hieratical power relationships and less paternalist management system than other Asian counterparts. Japan has the most advanced information sharing system than other cases. Multi-skilling is better developed in Japan, Korea and Malaysia than other cases. All the cases have the strong role of State and China and Vietnam have the most influential State comparatively due to their Communist single Party-State status. Training and development are important HR policy among all the cases, in particular Japan and Korea have developed most advanced systems compared with other counterparts. Unions' influence is very hard to judge based on the surface. In fact, majority cases have firm-based union activities except the cases of Malaysia and Thailand. There are certain forms of negotiations between management and unions in developed economies such as Japan, Korea, and Taiwan, and socialist market economies such as China and Vietnam. Labour laws defined the role of unions in those societies clearly but a key matter is the lack of implementation and enforcement of those laws in reality. Unions in Korea have made strong protests from time to time but the real impact on key decision-making process has declined in recent years.

Then, the next sub-category is the U.S. influence among these East Asian cases. The most profound influences are individual contracts, fixed-term contracts, and downsizing and retrenchment. Other influences such as freedom to hire and fire, strategic role of HRM, individual performance evaluation, and individual career development are 'moderate', with majority of medium-level adoption. The last group of dimensions such as individual goal and value, individual pay and incentives, and unitarist labour-management approach have relatively lower levels of adoption due to their underpinning values contradict the fundamental belief-systems in East Asian philosophy, as well as the basic human relationship norms and management practices in the workplace.

The third sub-category is the European influence. Generally speaking, the European influence among the East Asian economies is less than the U.S. influence. However, some key aspects of European-oriented people-management system such as co-determination and social partnership as well as institutional building and legalistic

environment do help East Asian economies to transform the society towards the ‘rule of law’ and embracing the institutionalization process at the macro-level and workers’ participation and industrial democracy at firm-level. The general trend is that the developed economies such as Japan, Korea and Taiwan adopt more European dimensions than the developing economies. This maybe reflects that the development of institutionalization need accompany of advanced economic system. The danger is that most East Asian economies have not fully developed institutional framework and if they suddenly follow the trend of de-institutionalization, it may damage the long-term sustainable capacity to be a mature political, economic and social entity.

Table 3 provides more complementary information on the people-management changes, factors causing the changes and time. The common phenomenon is that when there is a crisis, that leads to some opportunities for drastic changes as the meaning of the Chinese character of ‘crisis’ – ‘*weiji*’ literally means ‘danger & opportunity’. The major changes in Japan started in 1992 when its economy went into the recession. Other economies mainly started to reform in the late 1997 when the Asian Crisis occurred. China and Vietnam launched reforms of its management system as part of overall economic renewal agenda in the late 1980s and further changes later as a response towards WTO entry for China and the Asian Crisis for Vietnam. The major changes are predominately introducing some ‘hard’ HRM elements as well as responding to the crisis. In other words, short-term oriented drastic measures being adopted with the conceptual notion of improving flexibility under the economic restructuring or economic reform process.

**Insert Table 3 about here.**

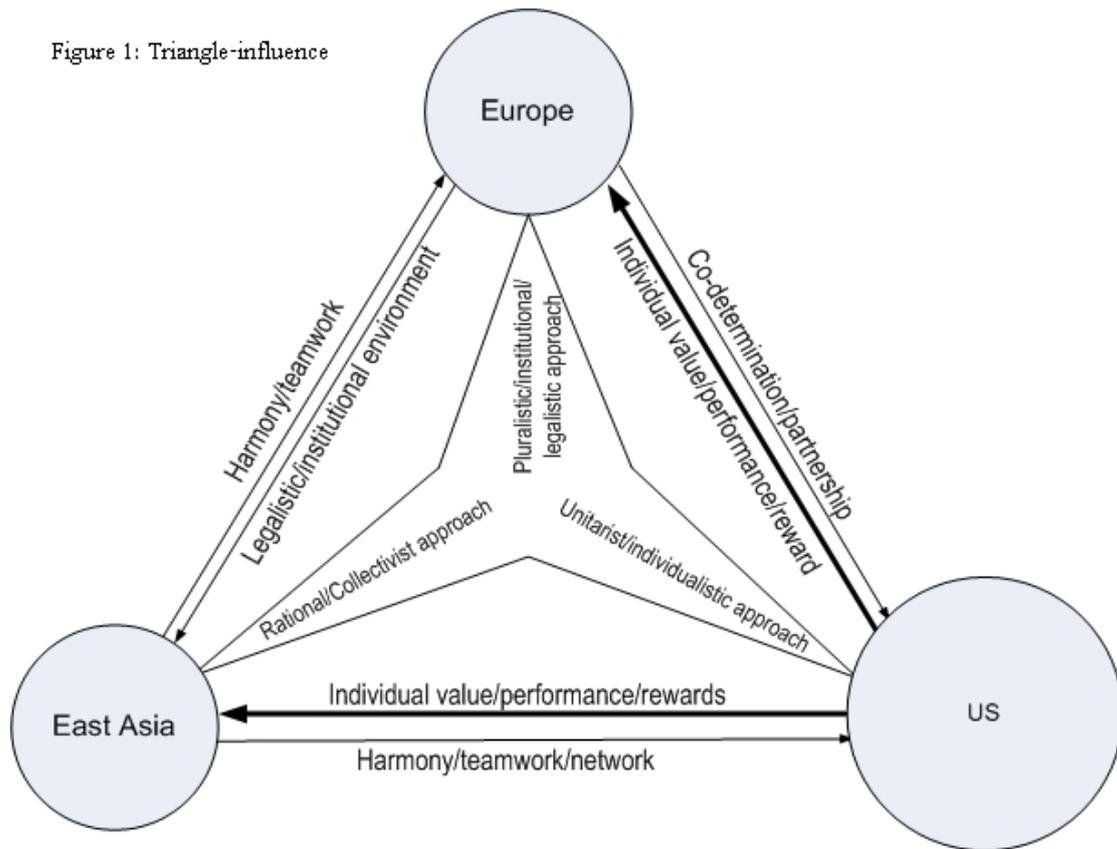
## **Conclusion**

The people-management system in East Asia has, we would argue, some distinctive even unique characteristics. First, the process of the formation and transformation has been marked by some self-determined factors related to the traditional cultural/value

systems and historical evolution. Represented with group-orientation, key people-management dimensions such as common goal and value, teamwork, harmony, information sharing, training and development, and so on are part of the so-called 'new' HRM paradigm. However, with increasing global competition and influence of MNCs' management practices, the U.S.-oriented individualistic HRM dimensions have also been gradually adopted among majority East Asian economies. Key aspects such as individual fixed-term contracts, individual performance evaluation, individual career development, downsizing and retrenchment, freedom to hire and fire, strategic role of HRM and so on have become increasingly important in East Asian people-management system. In addition, the European influences of social partnership, institutional building and legalistic environment play a positive role on the society transformation towards the 'rule of law' and institutionalization. The next challenge for East Asian economies is not embracing the trend of de-institutionalization but building strong social and institutional framework that enables them to achieve sustainable development. In addition, individual country's effort could be weak and a regional-based approach towards 'labour market regulation' and 'labour-right standardization', like the EU's approach, may be the eventual outcome for the entire regional development.

Figure 1 demonstrates the current triangle-influence of people-management system between East Asia, the U.S. and Europe. It is very clear that the U.S. is the dominant power both in 'hard' as well as 'soft' approaches towards people-management system with the emphasis on individualist and unitarist approaches. Through their FDI activities in Asia and Europe, as well as developing new paradigm for management education, the U.S. plays the so-called leadership role on influencing and forming management philosophies, policies, programs, practices and processes (5-P). On the other hand, both East Asia and Europe have some influence on each other as well as on the U.S. with their unique characteristics. For example, the East Asian model emphasizes collective approach, harmony and relational based business operation (ie. social network approach). The European model then pays attention to pluralistic labour-management relations and legalistic environment. International collaboration on labour standards is also useful for other countries, especially among East Asian countries, to follow.

Figure 1: Triangle-influence



The last but not least key point is that the factors shaping the development of people-management system in East Asia can be summarized now as the following. First, there is a strong foreign influence, in particular the U.S. influence on the process of globalization. The more dependent on foreign capital and MNCs' activities, eg. Taiwan, Malaysia and Thailand, the more the so-called 'HPWS' oriented HRM practices are adopted.

Second, there is a strong State-influence. All the cases in our study show that the influence from the State is strong or very strong. The development model in East Asia used to be labeled as 'the State-led development'. In fact, the people-management system is also strongly linked with the State policy on industrial relations (IRs) and labour market regulations. Certainly, the State policy shifts from time to time. Generally speaking, the State policy on IRs among the East Asian capitalist economies has transformed from initial pro-capital between the 1960s and the mid of 1980s as part of the over-all industrialization policy, to 'pro-labour' between the late 1980s and 1997 as part of democratization movement, and then converted to pro-capital again after the 1997 Asian Crisis when economy went into a downturn and

unemployment grew, accompanied by intensified regional and global competition. On the other hand, the two socialist market economies, namely China and Vietnam, have been undergone a period of State-led economic reform and people-management system has been part of the reform agenda, transforming from the traditional PM model into the concurrent one of hybrid model with the combination of PM and HRM. Therefore, the people-management system has been undergone a period of reform and retrenchment over the past three decades.

Third, the over-all social and economic development stage influences the people-management system related to functional social and institutional framework in East Asia. The evidence shows that more developed economies have more advanced social and institutional framework and better-established legalistic environment. However, the less developed economies, no matter how many pieces of legislations they passed, the implementation and enforcement of law and regulation have always been problematic. Therefore, the social and institutional development relies on the level of education, income and income distribution, awareness of citizenship and legal rights. Without adequate social and economic development, the established social and institutional framework could not function effectively.

Fourth, the history is an important factor determining both individual and organizational behaviour. Adopting and implementing certain HRM policies and practices are related to a 'fit' with the historical path and norm in a particular organization. The historical path could be related to national history, eg. the 'Cultural Revolution' in China with internal fighting and suspicious behaviour, and individuals' joining the army in Korea, Taiwan and Vietnam (war experiences in Vietnam in particular) and bringing military-oriented management style into workplace, or organizational history such as family traditions among a number of private businesses in Korea, Taiwan, Malaysia and Thailand, and SOEs' traditions in China and Vietnam, while particular type of management practices remains as core practices and they are very hard to be replaced.

Given all of the evidence and argument in this article, we can see that it would be foolish to define an ‘Asian HRM Model’ as such. However, the implications of this study are manifold. We tried to identify some commonalities as well as differences within the current HRM policies and practices among the seven key East Asian economies in order to illustrate the key questions being asked in the beginning of this article. The purpose of this study is not about showing who has a more superior people-management system than others, but identifying what elements do exist in East Asian people-management system, what other new elements have been adopted into the existing system and then what factors determining such changes. We have demonstrated in this article that HRM is in a reforming process in East Asia towards a hybrid people-management system by combining many the U.S. and European people-management aspects. However, this reforming process is not one-way only. In fact, many elements of East Asian people-management system also influence the U.S. and Europe as we indicated in Figure 1. In addition, multi-factor are shaping the outcome of reforming people-management system in East Asia, identified as foreign influence, the State’s influence, the stage of social and economic development, and national and organizational historical path. Therefore, the future changes may go ahead along the lines of shaping factors and influences presented in this article. Other economies, no matter whether in East Asia or other parts of the world, may draw some lessons from this study as we hoped as part of our initial planning in writing up this article.

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Table 1: Real GDP growth, Labour force (aged 15-64), labour force participation and unemployment in case study economies

Economy	Real GDP growth (2005)	Labour force (2005) (‘000)	Labour force participation (2004)		Unemployment rate (2004)
			Male	female	
China	9.3	785,945	88.8	79.2	4.3
Japan	2.4	66,660	73.4	48.3	4.7
Korea	3.9	24,072	79.9	59.7	3.4
Malaysia	5.2	10,682	81.4	51.9	3.6
Taiwan	4.1	10,127	76.2	51.2	5.0
Thailand	4.6	37,119	89.7	77.7	1.5
Vietnam	7.7	44,027	83.5	77.3	1.7

Source: National Statistics of China, Japan, Korea, Malaysia, ROC, and Vietnam, 2006; ADB Key Indicators 2005 and ADB Annual Report 2005.

Table 2: The characteristics of people-management in East Asia: existing dimensions and influenced by the US and Europe

Items	Japan	Korea	Taiwan	Malaysia	Thailand	China	Vietnam	Total
<b>Existing dimensions</b>								
Group orientation								
Common goal and value	5	5	5	5	5	5	5	35
Group-based performance evaluation	5	5	5	5	5	5	5	35
Group-based incentives	5	5	5	4	4	5	5	33
Teamwork	5	5	5	5	5	4	5	34
Others								
Harmony	5	5	5	5	5	4	5	34
Hierarchy	5	5	5	5	5	4	4	33
Information sharing	5	4	4	4	4	4	4	29
Multi-skilling	4	4	3	4	3	3	3	24
Paternalism	5	5	5	5	5	3	3	31
The strong role of state	4	4	4	4	4	5	5	30
Training and development	5	5	4	4	4	4	4	30
Unions' influence	3	4	3	2	2	3	3	20
<b>Sub-total</b>	<b>36</b>	<b>36</b>	<b>33</b>	<b>33</b>	<b>32</b>	<b>30</b>	<b>31</b>	
<b>The US influence</b>								
Individual orientation								
Individual contract	4	4	4	4	4	4	4	28
Individual goal and value	3	2	4	3	2	3	3	20

Individual performance evaluation	3	3	4	3	3	3	3	22
Individual pay and incentives	3	3	4	3	3	2	2	20
Individual career development	3	3	4	3	3	3	3	22
Others								
Downsizing and retrenchment	4	4	4	4	4	4	4	28
Fixed-term contract	4	4	3	4	4	5	5	29
Freedom to hire and fire	3	4	3	4	4	3	3	24
Strategic role of HRM	3	3	4	4	4	3	3	24
Unitarist labour-management approach@	1	1	2	2	2	1	1	11
<b>Sub-total</b>	<b>31</b>	<b>31</b>	<b>36</b>	<b>34</b>	<b>33</b>	<b>31</b>	<b>31</b>	
<b>The European influence</b>								
Co-determination/partnership								
Collective negotiation and agreement	4	4	3	2	2	3	3	21
Workers' participation (ie. Supervisory Board)	3	3	3	2	2	3	3	19
Work council/congress at firm level	4	4	2	2	2	3	3	20
Others								
Institutional building	4	4	4	3	3	3	3	24
Legalistic environment	4	4	4	3	2	2	2	21
Regional/international labour standardization	3	3	3	3	3	3	3	21
<b>Sub-total</b>	<b>22</b>	<b>22</b>	<b>19</b>	<b>15</b>	<b>14</b>	<b>17</b>	<b>17</b>	

Notes: 5 = very high; 4 = high; 3 = medium; 2 = low; 1 = very low.

@ We are aware that pluralistic approach does exist among unionized organizations in the US, but they are minority.

Source: Benson and Debroux, 2004; Bae and Rowley, 2001; Smith and Abdullah, 2004; Lawler and Atmiyanandana, 2004; Ding *et al*, 2002; Warner *et al*, 2005a; Zhu, 2002, 2003, 2004, 2005.

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Table 3: The changes of people-management system in East Asia: factors and time

Cases	Changes	Factors	Time
Japan	<ol style="list-style-type: none"> <li>1) introducing flexible HR systems</li> <li>2) more merit-based approach</li> <li>3) emphasizing new HRD strategies</li> </ol>	<ol style="list-style-type: none"> <li>1) economic recession &amp; changing State policy</li> <li>2) mismatching HRM &amp; business needs</li> <li>3) changing attitudes of young employees</li> </ol>	since 1992
Korea	<ol style="list-style-type: none"> <li>1) recruiting competencies</li> <li>2) reinforcing competencies</li> <li>3) retaining competencies</li> <li>4) replacing competencies</li> </ol>	<ol style="list-style-type: none"> <li>1) the Asian Crisis</li> <li>2) strategic choice</li> <li>3) State policy &amp; institutional influence</li> </ol>	since 1997
Taiwan	<ol style="list-style-type: none"> <li>1) adopting international standardized HRM</li> <li>2) more flexible HR systems</li> </ol>	<ol style="list-style-type: none"> <li>1) industrial restructuring, relocation &amp; MNCs' influence</li> <li>2) low economic growth &amp; relatively high unemployment</li> </ol>	late 1990s
Malaysia	<ol style="list-style-type: none"> <li>1) more 'hard' HRM with remaining 'soft' element</li> <li>2) more flexible HR systems</li> </ol>	<ol style="list-style-type: none"> <li>1) the Asian Crisis</li> <li>2) economic restructuring &amp; foreign capital influence</li> <li>3) changing State policy &amp; institutional environment</li> </ol>	since 1997
Thailand	<ol style="list-style-type: none"> <li>1) introducing 'HPWS'</li> <li>2) more performance-based pay</li> <li>3) adopting 'core-peripheral' workforce</li> </ol>	<ol style="list-style-type: none"> <li>1) the Asian Crisis</li> <li>2) reforming law and management systems</li> <li>3) foreign capital influence</li> </ol>	since 1997

China	1) introducing HRM system but mixed with PM 2) more firms adopt proactive HRM responses	1) economic reform 2) WTO accession & international pressure	late 1980s since 2002
Vietnam	1) more flexible people-management system 2) mixed PM & HRM systems with more HRM orientation	1) economic reform 2) the Asian Crisis	late 1980s since 1997

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Source: Benson and Debroux, 2004; Bae and Rowley, 2001; Smith and Abdullah, 2004; Lawler and Atmiyanandana, 2004; Ding *et al*, 2001; Warner *et al*, 2005a; Zhu, 2002, 2003, 2004, 2005.

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