Comparing Human Resource Management among Taiwanese and South Korean companies

South Korea and Taiwan are two of the Four Asian Tigers that have few natural resources; this fact forces them to concentrate on developing human resources in industries that are essential for the national economy. One of these industries is Information Technology. This study carries out an in-depth discussion on Human Resource Management of four selected IT companies from Taiwan and South Korea. It includes the main aspects of globalization, Asian HRM and Talent Management. The historical development and occurrence of crisis as well as the impact on HRM in both countries will be demonstrated. About each company’s HRM as a profile will be summarized. Perspectives of employees will be collected, examined and connected with former issues. There are two directions that appear as results from globalization into HRM. First, the environmental change is fostered by benchmarking and finding ‘best practices’ and causes convergence. Second, development that underlines differentiation and specialization is explained by the divergence approach. Since there is the argument that Taiwanese and Korean Human Resource Management systems have many things in common, and the companies I have selected share some similarities too, the questions I would like to answer are: What are the differences of the HRM strategies among the selected companies? Where can I find them?

Methodology and Approach

The structure of the paper is inspired by many frameworks that are built on three stages. The earliest one is a model developed by John Storey in 1995, which constitutes of Beliefs and Assumptions, Strategic Qualities and Management Roles and Key levers. Budhwar and Debra proposed a model for examining cross-national HRM. There are also three levels of factors and variables: national factors, contingent variables, and organizational strategies & policies. Hsu and Leat used following three levels: external environment, organization and internal environment. Therefore, three chapters of this thesis are based on these frameworks, beginning with the first level of national perspective, where the issue of Human Resource Management in Taiwan and South Korea will be explored. For the second level four company profiles will be compared. On the last level individual perspectives and experiences should reveal the actual HRM practices. Bae et al. developed and used four broad HRM approaches - HRF, flex HRM, performance-based HRM and enterprise-focused HRM. Rowley et al. also consider developments in four key areas of HRM: flexible working, employee development, performance-based rewards and enterprise-focused employment relations. Chen et al. contribute another arrangement with components of a firm’s HRM strategy: Employment security: Extensive Training, Performance-based pay, and Employee influence. My adaptation is a mixture of all three frameworks: Conceptual: HRM, HRD and Recruitment, Training and Development and Employee Involvement. For the last level of the micro perspective I utilize an employer rating website. Glassdoor.com has advanced to a popular social network; its utility on the global scale fits very well to my approach to global talent management. Two perspectives will be shown, the organizational versus individual/personal. The purpose is therefore to investigate the gap between official statements of company’s HRM and the reality employees are experiencing or have experienced.

Main Facts

From 2000 onwards the trend of increasing financial and numerical flexibility has been continued increased both in Korea and Taiwan. Both HRM have shifted from paternalistic and hierarchical type toward market type HRM, which means in other words moving away from traditional Confucianism -based towards liberalization-based type. The another force that forms and affects Korean and Taiwanese HRM is the pressure coming from internationalization of business and foreign influences that heightened competition.

LG Electronics mentioned its high wages for new entries which is above the standard in Korea. Due to a high turnover rate at overseas locations (27%) affects LG in sustainability and retention strategies are of priority. The challenge for LGE is noticeably the operation of the Korean chaebol subsidiaries can afford a competitive reward system. The date of the Master thesis available at http://othes.univie.ac.at/ All references can be found in the full version of the MA thesis.

References

HTC and LGE share the same problem in operating working hours. These lead to insufficient work and life balance. LGE scores in job security. HTC’s effective employer branding and dynamic environment help to gain positive feedback. SK Telecom and Acer achieve a satisfying work & life balance with stable working time and are appreciated for culture and value. However, both fail in the category of career opportunities. The two Korean chaebol subsidiaries can afford a competitive reward system. The majority of pro arguments contain recommendations to colleagues and most of the contra statements are addressing senior management. Cultural influence was not apparent in the company profiles, but in the reviews some comments imply a cultural background. Preference in staffing scrutinizes the whole performance-based system due to unfairness the overseas employees experienced. This problem was mentioned in every company. On the one hand, hierarchical leadership and authoritarian management style based on paternalism are not welcomed by employees and have to be changed to gain more flexibility and equality; on the other hand, emphasis on harmony and collective welfare is contributing to a modern work environment and teamwork.