



Xin Wu

# Comparing Human Resource Management among Taiwanese and South Korean companies

## Topic and Research Question

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 and Technology IT. 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 a profile as an employer will be summarized. Perspectives of employees will be collected, examined and connected with former issues. There are two directions that appear as results from letting 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?

## State of the Art

Due to globalization the question in many literatures regards the degree of acceptance and change in subsidiaries operating in other countries. A more recent contribution to the issue of Human Resource Management systems in Asia argued that, in the context of Asian management emphasis on cultural values have to be taken into account. Concerning the rather new term Talent Management, scholars claim it is reinterpreted HRM activity with a specific interest on high potentials and a strong strategic orientation. Speaking of employer branding many authors describe that the basic framework begins with the establishment of an organizational culture and an organization identity. The image of the organization as a quality employer should be enhanced to attract job seekers, who can identify with the philosophy. Nowadays, integrating marketing concept into HRM and improving the organizational attractiveness should create a competitive advantage for the organization. Global Talent Management is a long-term approach; it requires fairness in the whole process and awareness of cultural differences from the host country.

## 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 policy areas. These are HR flow, work systems, reward systems and employee influence. Rowley et al. also consider developments in four key areas of HRM: flexible resourcing, 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 concepts: Resourcing, Reward System, Training & 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 type toward a liberalism-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%) sustainability and retention strategies are of priority. The challenge for LGE is noticeably the operation of the standard global HR system. LGE admitted that it has difficulty to manage the issue of working hours. HTC seems to care a lot about employee health and safety, as well as work-life balance according to their official reports. Since SK Telecom is mainly addressing the domestic market, its percentage of overseas employees remains low. The focus of SK Telecom is definitely on individual development. Acer places focus on health and safety of their employees and it offers many options to enhance the work-life balance. The average year of service is 6.4, higher than HTC with 2.86. Regarding the percentage of female employees HTC and Acer are supporting female talent far more than SK Telecom and LGE. Especially at HTC female employees reach almost 50%, and 20% of the managerial positions are held by women. In contrast to that, only 3.3% of the executives at LGE are female. All of the companies share the same opinions about reward systems, which must be performance-based and competitive in regard to the talent market. They also agree on the importance of providing training to employees and fostering individual development. SK Telecom has an overall company rating of 4.1 stars, 93% of the reviews recommend SK Telecom as employer, and 60% have a good opinion about the CEO. Many respondents appreciate the working culture and company values. The adjustment to Korean culture is principally for employees at overseas locations too much. LGE has received 298 reviews, which is the most, but reaches merely 3.1 overall star points. 39% would recommend LGE to their friends. Compensation & benefit has the highest score with 3 points, however, there are critiques against senior management. They are complaining about long and strict working hours. The performance-based promotion has been questioned due to preference for Korean employees. HTC has the worst rating with 2.9 overall points. No more than 33% of the reviewers would recommend working there. Supplying career opportunities might be the strength of HTC as employer, at the same time it needs improvement in senior management. Working culture and environment are satisfying, particularly cooperative colleagues are often mentioned. The majority of voters would recommend Acer as employer. As matter of fact Acer offers a highly satisfying work-life balance, a stable work time and comfortable working

environment as well as welfare. Most of them are complaining about the inability of the company to provide support in personal advancement.

## Results

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 commendations 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.

## References

All references can be found in the full version of the MA thesis available at <http://othes.univie.ac.at/>

## About the Author

On her academic path Xin Wu chose for her Bachelor Study Cultural and Social Anthropology. After the graduation she started studying the MA program East Asian Economy and Society with major interest in Human Resource Management. The date of the Master examination is 29<sup>th</sup> January, 2016.

Contact information: [a0701377@univie.ac.at](mailto:a0701377@univie.ac.at)

