

Global talent management challenges of Chinese, Japanese, and Korean multinationals

Abstract

Within a short time, China, Japan, and Korea have produced worldwide leading multinational enterprises (MNEs). As they expand globally, these companies face major challenges in global talent management (GTM). This article provides a comparative analysis of the major GTM challenges MNEs from these countries experience and the underlying reasons thereof. Our comparative overview reveals similarities in ethnocentric staffing, traditional headquarters-driven organizational cultures, and home-country language policies. While there are striking differences in performance appraisal, reward and compensation, and promotion and career advancement, these GTM practices of Chinese, Japanese, and Korean MNEs are converging to Western style global best practices, though at different levels. Building on and enriching the convergence debate and the distance literature, we identify organizational and country characteristics that help better understand the reasons for these similarities and differences.

Keywords: China, convergence, divergence, global talent management, institutional distance, Japan, Korea

1. Introduction

Increasing globalization has created great opportunities and challenges for multinational enterprises (MNEs). One major challenge MNEs face is how to manage an increasingly diverse, educated, and mobile workforce globally (Briscoe, Schuler, & Claus, 2009; Khilji, Tarique, & Schuler, 2015; Tarique & Schuler, 2010). In response, global talent management (GTM) has received traction (e.g. Collings, Mellahi, & Cascio, 2019; Tarique & Schuler, 2010). “Global talent management includes all organizational activities for the purpose of attracting, selecting, developing, and retaining the best employees in the most strategic roles (those roles are necessary to achieve organizational strategic priorities) on a global scale.” (Scullion, Collings, & Caligiuri, 2010: 106). Reflecting past economic realities, prior research was mainly concerned with GTM of MNEs from the USA and Western Europe (e.g. Garavan, 2012; McDonnell, Lamare, Gunnigle, & Lavelle, 2010). In recent decades, however, the economic power balance has dramatically changed. The Financial Times (2019) declared, “The Asian century is set to begin.” The high performing East Asian economies—China (People’s Republic of China), Japan, and Korea (Republic of Korea), respectively—now stand as the second, fourth, and eleventh largest economies in the world and are placed second, third and seventh in the Fortune 500 list of the world’s largest companies (2019), which includes 119 Chinese, 52 Japanese, and 16 Korean companies. This economic phenomenon is reflected in the dramatically global expansion of Asian MNEs (Pananond & Giroud, 2016).

Whether prior GTM research deriving from Western MNEs is generalizable to their Asian counterparts remains unclear. Prior research on international human resource management (IHRM) has already challenged the generalizability of Western theories due to MNEs’ differences in internationalization modes, international strategies and experience, and home-country economic and institutional environments (Cooke, Wood, Wang, & Veen, 2019; Cooke, Wu, Zhou, Zhong, & Wang, 2018; Jackson & Horwitz, 2017; Pananond & Giroud, 2016; Shen & Edwards, 2013), thus raising a need for more research on Asian MNEs. Prior

studies suggested or implied that Chinese, Japanese, and Korean MNEs face difficulties in attracting global talent (Cooke et al., 2018; Froese & Kishi, 2013; Huang, Yang, & Sekiguchi, 2020; Keeley, 2001; Kopp, 1994). For instance, no Asian MNE belongs to the top 100 most popular employers in US or German rankings (Glassdoor, 2018; Wirtschaftswoche, 2018), whereas those lists feature many European and American companies. Moreover, Chinese, Japanese, and Korean companies are not regarded as popular employers in Asia either (Froese & Kishi, 2013; Kim, Mori, & Rahim, 2018). The host-country national (HCN) employees in Chinese, Japanese, and Korean overseas subsidiaries have reported great dissatisfaction and low loyalty due to, for example, limited career opportunities, poor working conditions, and difficult relationships with expatriate managers (Cooke et al., 2018; Glover & Wilkinson, 2007; Jackson & Horwitz, 2017; Kopp, 1994).

Thus far, there is a lack of comprehensive comparison of the GTM practices of and the challenges faced by Chinese, Japanese and Korean MNEs. This paper reviews and synthesizes the most updated literature to develop a conceptual model to comprehend the major GTM challenges for them. Underpinned by convergence and divergence literature (e.g. Al Ariss & Sidani, 2016; Budhwar, Varma, & Patel, 2016; Zhu & Warner, 2019) and the institutional distance concept from international business research (e.g. Dow & Karunaratna, 2006; Hutzschenreuter, Kleindienst, & Lange, 2016) we explore the underlying reasons for the similarities and differences in GTM challenges between the MNEs of the three countries. Specifically, this paper intends to tackle the following research questions:

RQ1: What are the major GTM challenges for Chinese, Japanese, and Korean MNEs?

RQ2: What are the similarities and differences in GTM challenges between the three countries' MNEs?

RQ3: What are the underlying reasons that cause similarities and differences in GTM in Chinese, Japanese, and Korean MNEs?

This paper aims to contribute to the literature in several ways. First, this paper contributes to an increased understanding of the convergence and divergence debate of IHRM (e.g. Budhwar et al., 2016; Farndale, Brewster, Ligthart, & Poutsma, 2017) by investigating GTM of MNEs from non-Western countries at different economic development stages. Second, focusing on three countries from the same Confucian cultural cluster (House et al., 2004), our comparative study enables us to uncover the impact of institutional and organizational characteristics on GTM approaches. Based on our enriched understanding, we develop a conceptual model and specific propositions to advance the understanding of similarities and differences in GTM. Third, this paper enriches the GTM literature, which was mostly based on Western, in particular Anglo-Saxon contexts (e.g. Garavan, 2012; McDonnell et al., 2010), by addressing GTM challenges that have been neglected but are critical factors in determining the attraction and retention of global talent for Asian multinationals.

The remainder of this paper is structured as follows. We first we provide an overview of key country and organizational characteristics to better understand the Asian context. Then, we address our first two research questions by providing an overview of GTM challenges in China, Japan, and Korea, and a comparison of the similarities and differences. Based on this understanding, and drawing from the convergence and divergence and institutional distance literature, we develop a conceptual model and specific propositions that explain similarities and differences in GTM. The article ends with future research directions, practical implications, and a conclusion.

2. Methodology

The purpose of this paper was not to conduct a bibliometric literature review, but rather to collect key relevant information about the GTM practices by Chinese, Japanese, and Korean MNEs to develop a conceptual model. For the subsequent analysis and the development of the conceptual model, we firstly searched the literature in English.

Specifically, we searched journal articles using the terms *Korea/Korean MNEs(MNCs)*, *Japan/Japanese MNEs (MNCs)*, *China/Chinese MNEs (MNCs)* alongside, *global talent management*, *international HRM* as keywords from the databases of Proquest, ESBCO, and Google Scholar. To further deepen our literature search, we also manually searched the key journals in this area (Tarique & Schuler, 2010), including *Academy of Management Journal*, *British Journal of Management*, *European Management Journal*, *Human Resource Management*, *Human Resource Management Journal*, *Human Resource Management Review*, *International Journal of Human Resource Management*, *International Journal of Intercultural Relations*, *Journal of International Business Studies*, *Journal of Management*, *Journal of World Business*, *Journal of Cross-Cultural Psychology*, *Management International Review*, and *Thunderbird Business Review* Given our focus on Asia, we also looked specifically at *Asian Business & Management*, *Asia Pacific Business Review*, *Asia Pacific Journal of Human Resources*, and *Asia Pacific Journal of Management*.

The articles we gathered were content analyzed around the themes including staffing, promotion and career advancement, performance appraisal, reward and compensation, organizational culture, and language policies. We then compared the key GTM issues we identified for MNEs from China, Japan, and Korea. We also compared the GTM practices of Chinese, Japanese, and Korean MNEs with those of Western MNEs. Further, the results of the analysis were used to develop the conceptual model and propositions presented in this paper.

3. Country and organizational characteristics

Our conceptualization of country characteristics is guided by the institutional distance concept from international business research (for a review see Hutzschenreuter et al., 2016).

Institutional distance refers to differences in country characteristics that have profound impacts on MNE behaviors and outcomes, e.g. knowledge transfer, market entry, firm performance. We focus on institutional distance as it is a more comprehensive account of country differences than e.g. cultural distance. While distance has been conceptualized in

numerous ways (for overviews see Dow & Karunaratna, 2006; Hutzschenreuter et al., 2016), economic development stage, institutional environment, culture and language have been the core of most conceptualizations. The country characteristics also have been argued to have influence on convergence and divergence of organizational practices (e.g. Budwhar et al., 2016; Huo, Huang, & Napier, 2002; Pudelko & Harzing, 2007). Accordingly, we focus on these characteristics when introducing the country environments of China, Japan, and Korea in the following section.

Country characteristics

There is a clear trend in the economic development of our studied countries. Japan became an industrialized economy first, Korea most recently, and China is still a developing country that is rapidly progressing. The foreign direct investment (FDI) patterns are somewhat different: while all countries are major investors overseas, the inflow of FDI is reverse to economic development (Froese, 2013).

The institutional environment varies substantially among these three countries. While Japan and Korea are market economies, China is a socialist market economy. While the Chinese government exerts a strong influence on business, the government influence in the other two countries has decreased substantially in recent years. There are more state-owned enterprises in China than in Japan and Korea (Zhu & Warner, 2019). It is worth noting that, different from Japan and Korea, China does not have independent workers' unions, and thus unions cannot effectively protect workers' rights (Yao & Zhong, 2013). This often results in difficulties for Chinese MNEs to deal with unions in international operations (Shen & Edwards, 2013). Union membership in domestic Chinese companies, however, has been shown to correlate negatively with employee engagement and industrial relations, implying some employee pushback (Yang et al., 2018), and some data has shown a positive effect of Chinese unions (Fang, Ge, & Fan, 2018).

China, Japan, and Korea share a common culture rooted in Confucianism, which emphasizes loyalty, authority, and diligence (Shin, 2011). All three countries, however, have developed and protected their identities. The societies and demographic composition of people from these countries can be characterized as homogenous. In line with their largely homogenous cultures and influenced by Chinese characters, all three countries have developed their own unique languages that are not widely spoken outside their home countries. Although English has been established as the *lingua franca* in business (Brannen, Piekkari, & Tietze, 2014), the average English proficiency is, nevertheless, rather low in these countries. According to TOEFL IBS country score statistics (TOEFL, 2018), the average scores of English proficiencies are 71 for Japan, 79 for China, and 83 for Korea—far below the vast majority of European and South American countries. For comparison, the scores are 91 for Romania and 90 for Argentina.

Organizational characteristics

The mainstream international business literature argues that the modes of entry and outward FDI destinations are largely different for MNEs from developed and transitional economies (Madhok, & Keyhani, 2012). Japanese MNEs have a long history of doing business overseas. Following the end of the Second World War, Japanese MNEs resumed their international business and first set up factories in other Asian countries, and from the 1960s and 70s in the USA, Europe, and other countries. Over time, Japanese MNEs have used various entry modes, among which cross-border merger and acquisitions (M&As) resulted in lower performance (Nitsch, Beamish, & Makino, 1999). Korean MNEs started much later, and more aggressively, following a similar pattern. In contrast to Japanese MNEs, Korean MNEs use greenfield investments more often than joint ventures (JVs) or M&As (Hemmert, 2018). As latecomers, Chinese MNEs have skipped several earlier modes of entry, i.e. the transition from export to minority JVs, then to majority JVs (Sun, Peng, Ren, & Yan, 2012), and have increasingly

used M&As to expand their global footprints and acquire technology and know-how (e.g. Cooke et al., 2018).

4. GTM challenges

The objectives of GTM are to attract, develop and retain a highly qualified workforce in a global context (Scullion, Collings, & Calguiri, 2010; Tarique & Schuler, 2010). This section presents the key GTM challenges of MNEs from China, Japan, and Korea that complicate the achievement of GTM objectives. Based on prior GTM literature, which was mostly based on Western contexts (e.g. Garavan, 2012; McDonnell et al., 2010), and recent research on IHRM in an Asian context (Froese et al., 2016; Furusawa & Brewster, 2015; Meyer & Xin, 2018; Sekiguchi et al., 2016), we focus on six major GTM challenges. In line with prior GTM research (Schuler et al., 2011; Tarique & Schuler, 2010), we focus on HRM practices such as staffing, performance appraisal, reward and compensation, promotion, and development. We complemented these HRM practices with corporate English language policies and Confucian-based organizational cultures. Corporate language policies affect work performance of employees engaging in intra-organization communication and the home country language policy often leads to power-authority distortion, making MNEs less attractive to global talent (e.g. Froese et al., 2016; Harzing & Feely, 2008; Harzing & Pudelko, 2013). Organizational culture is associated with employee work attitudes and performance, employee retention and talent attraction (e.g. Maki, Ebisuya, & Sekiguchi, 2014). Language barriers and Confucian-based organizational cultures have been frequently identified as major impediments why Chinese, Japanese and Korean MNEs are less attractive to global talent and as reasons for relatively high talent turnover (e.g. Froese et al., 2016; Furusawa & Brewster, 2015; Meyer & Xin, 2018; Sekiguchi et al., 2016). In the following, we discuss these challenges in each nation's MNEs.

3.1. GTM challenges for Chinese MNEs

Most Chinese MNEs tend to pursue two contrasting expatriate staffing approaches. In advanced economies, Chinese MNEs tend to adopt the polycentric approach by filling key positions using HCNs, but the ethnocentric approach by transferring expatriates non-discriminatively to subsidiaries in developing economies (Liu & Woywode, 2013; Ouyang et al., 2019; Shen & Edwards, 2013; Zhu, 2019). In both scenarios, they face adaptation problems in meeting so-called “international standards” (Cooke, 2011; Khan, Wood, Tarba, & Rao-Nicholson, 2019). Under most circumstances, while many Chinese MNEs tend to abide by local regulations to stay out of trouble, they are inexperienced in dealing with labor issues in developed economies. For example, many Chinese MNEs have had trouble dealing with host trade unions that play a more important role in employment relations than their Chinese counterparts (Cooke, 2009; Cooke et al., 2018). As a result, most Chinese MNEs face difficulties from a lack of management competence to localize HRM in host environments.

Most Chinese MNEs are “more concerned with Chinese expatriate deployment than local HR development, skills transfer and employee rights in local labor markets” when operating in developing countries, particularly in Africa (Jackson & Horwitz, 2017, p. 6). The ethnocentric staffing approach has often led to mismanagement and poor labor standards in international subsidiaries, especially in Africa over which China has relative economic strength (Kamoche & Siebers, 2015; Khan et al., 2019). Chinese managers generally lack understanding of the characteristics of host nations’ labor relations and trade unionism, resulting in widespread labor disputes (Cooke, 2011). Employment conditions in most Chinese MNEs in developing nations are often poor (Nambondiyani, 2018). While most Chinese MNEs are keen to learn from advanced countries, they do not aim to learn and transfer back knowledge from developing nations (Jackson & Horwitz, 2017). The unfavorable images of many Chinese firms in some host countries have made it hard to attract talent (Cooke et al., 2018) and resulted in a negative impact on HCNs’ identification with

Chinese MNEs (Cooke, 2011). Ineffective GTM has considerably contributed to many Chinese firms' failures in managing international operations. Thus, many Chinese MNEs face difficulties in terms of how to improve labor standards and employment relations in international operations in developing economies.

Most Chinese MNEs tend to neglect issues of cultural empathy, initiative, creativity, emotional stability, maturity, and family situations during expatriate selection (Shen & Edwards, 2013). As reported in several studies (e.g. Cooke, Saini, & Wang, 2014; Shen & Edwards, 2013), most Chinese expatriates have received insufficient pre-departure cross-cultural training. Chinese firms are likely to take a fast path to building a management team by buying talent and are not interested in developing talent in-house (Cooke et al., 2014). Even in those adopting a polycentric staffing approach, many Chinese MNEs put glass ceilings over HCN managers by providing limited development opportunities (Cooke et al., 2018; Jackson & Horwitz, 2017; Shen & Edwards, 2013). Moreover, *Guanxi* plays an important role in recruitment and promotion in most Chinese MNEs, while similar practices are considered unfair and even unethical in Western cultures (Jackson & Horwitz, 2017).

Most Chinese MNEs differentiate performance appraisals for expatriates and HCNs; i.e. standardizing performance appraisals for expatriates and senior HCN managers while taking a host-based approach for HCNs (Shen & Edwards, 2013). Appraisals are often conducted in a strict manner, e.g. revealing appraisal results to all employees, sacking the poorest performer, and taking little consideration of contextual factors (Shen & Edwards, 2013). The purpose of performance appraisals is mainly to determine pay, rather than employee development. Hence, little feedback, especially negative feedback, is provided to appraisees (Shen & Edwards, 2013; Zhang & Edwards, 2007). While most Chinese MNEs have widely adopted a mix of position-based and performance-based pay, the weight of performance-based pay is higher for expatriates and senior HCN managers than for other HCN employees (Shen & Edwards, 2013).

Chinese is the main spoken language within most Chinese MNEs, while English is commonly used in conducting international business and cross-cultural activities. Moreover, Chinese managers are not knowledgeable in managing workforce diversity (Cooke et al., 2018). Furthermore, most Chinese expatriates live in separate compounds and have minimum interactions with locals (Bräutigam, 2011; Wei & Wu, 2015). As a result, many Chinese expatriates often give locals an impression of being dull and dry. In addition, Chinese expatriates often categorize HCNs to be outgroup members, and not part of Chinese *guanxi* (Jackson & Horwitz, 2017). The typical organizational culture of Chinese companies can be described as authoritarian and hierarchical (Kahn et al., 2019). The lack of integration with HCNs and host communities could be a result of various factors, such as the conservative nature of Chinese culture, the resultant hierarchal organizational structure, and Chinese expatriates' English language deficiency, lack of diplomatic skills, and persistent security concerns (Baah & Jauch, 2009; Gao, Liu, & Lioliou, 2015). This lack of integration with HCNs and host communities is indicative of a lack of modernizing ethos and, to a great extent, hinders the development of most Chinese MNEs, as well as knowledge diffusion to locals (Cooke et al., 2014; Cooke et al., 2018a; Jackson & Horwitz, 2017).

3.2. GTM challenges for Japanese MNEs

Japanese MNEs have traditionally employed an ethnocentric staffing approach by filling senior management positions with Japanese expatriates in foreign subsidiaries (Furusawa & Brewster, 2016; Kopp, 1994a; Oki, 2013; Oki, 2020). Although most Japanese MNEs try to promote a polycentric staffing approach (Beamish & Inkpen, 1998), this process has tended to be slow (Froese, Sekiguchi, & Maharjan, 2017; Sekiguchi et al., 2016; Wong, 2010). Most Japanese MNEs also tend to hire Japanese self-initiated expatriates (SIEs) in their foreign subsidiaries (Furusawa, & Brewster, 2018; Liu, Sekiguchi, & Ebisuya, 2019). This ethnocentric staffing approach has created the so-called “rice-paper ceiling” in foreign

subsidiaries causing difficulties in attracting and retaining high-potential local talent (Keeley, 2001; Kopp, 1994).

Most Japanese MNEs often struggle with “internal internationalization” at their headquarters because traditional Japanese-style HRM practices are incompatible with the needs of many non-Japanese employees (Conrad, & Meyer-Ohle, 2019; Sekiguchi et al., 2016; Yoshiwara, 2015). Following the collapse of the bubble economy in the early 1990s, Japanese MNEs have tried to replace seniority-based pay and promotion, one of the well-known “three pillars” (along with life-long employment and enterprise unionism), with a more Western-style performance-based pay and promotion system (Endo, Delbridge, & Morris, 2014; Sekiguchi, 2013). However, the actual emphasis on pay-for-performance is somewhat limited as Japanese MNEs have combined different criteria for pay and promotion (Keizer, 2011; Yanadori, 2018). Moreover, Japanese firms still emphasize life-long employment for their core workers, while significantly increasing market-based fixed-term contract workers (Aoki et al., 2014).

In international subsidiaries, greater Japanese influence was found in training and development, corporate culture, and safety practices, whereas greater local influence was found in pay, benefits, and recruitment methods (Grill et al., 2016). Many Japanese MNEs transfer home performance appraisal and promotion practices abroad, while adopting local training and compensation practices and use a hybrid form of recruitment and selection practices (Maharjan & Sekiguchi, 2017). The promotion of HCNs is kept moderate (Shiraki, 2006). Several surveys show that Japanese MNEs struggle with transferring home HRM practices while accommodating local practices in international operations (e.g., Irie, 2011; Japan Management Association, 2012).

Most Japanese firms emphasize teamwork and consensus-building, and Confucian tradition and hierarchy in which senior people are respected and harmony maintained (e.g. Maki, Ebisuya, & Sekiguchi, 2014). They incorporate the notion of “in” (uchi) and “out”

(soto) (Doi, 1971) to create a strong distinction between in- and out-groups (Gudykunst & Nishida, 2001) and build strong bonds between seniors and subordinates (Haghirian, 2009). HCNs often fail to understand such a unique culture, which hinders effective communication and integration between Japanese expatriates and HCNs (Keeley, 2001; Sekiguchi et al., 2016).

Only a small portion of Japanese MNEs have established English as their official corporate language in recent years (Yamao & Sekiguchi, 2015). This reinforces social categorization (Froese et al., 2017). Because firm-specific knowledge and know-how are often interwoven with the Japanese language, using expatriates to help more efficient knowledge transfer becomes crucial.

3.3.GTM challenges for Korean MNEs

Korean MNEs have traditionally adopted an ethnocentric staffing approach (Froese, 2019; Kang & Shen, 2014; Tung et al., 2013). However, the use of HCN managers has recently increased in foreign subsidiaries, particularly in the UK (Glover & Wilkinson, 2007) and China (Kang & Shen, 2013). Korean MNEs generally use formal performance-appraisal procedures (e.g. Kang & Shen, 2016; Lansbury, Kwon, & Suh, 2006; Taylor et al., 2001). Reported appraisal criteria include work performance, company loyalty, attitude/cooperation, working hours/punctuality, and attendance (Kang & Shen, 2014; Kang & Shen, 2016). Even though past Korean reward and compensation systems were largely seniority-based, many Korean MNEs have moved to a US-style performance-based system for both expatriates and HCNs (Tung et al., 2013; Kang & Shen, 2014). Similarly, performance- and/or achievement-based apportionment have replaced the traditional seniority-based promotion and career-advancement system (Kang & Shen, 2014; Li & Froese, 2019; Taylor et al., 2001). This fast-track promotion system was first adopted during the 1987–97 period of Korean HRM development and has been pushed forward since the late 1990s, following the catalyst of the

Asian financial crisis (Li & Froese, 2019; Tung et al., 2013). Overall, Korean firms tend to blend Korean management practices aside Japanese practices and have more recently adopted US-style practices (Hemmert, 2019).

In addition to the influence of Confucianism, Korean companies' organizational cultures have been affected by the nation's past as a military political regime where Korean males took part (and still take part) in compulsory national military service (Kraeh, Froese, & Park, 2015). These roots express themselves in Korean organizational cultures as collectivism, hierarchy, and paternalistic leadership styles (Bae, Chen, & Rowley, 2011; Froese, 2020; Froese, Sekiguchi, & Maharjan, 2017; Hemmert, 2020; Steers & Shim, 2020). Personal connections and familial ties strongly influence business and management succession decisions in Korean companies (Froese, Pak & Chong, 2008). Furthermore, most Korean organizations tend to enforce long working hours and to not honor vacation time, which is problematic for non-Korean workers (Bader, Froese, & Kraeh, 2018; Davies & Froese, 2019). These HRM practices are not accepted in many host nations. For instance, management practices of Korean managers in a Korean subsidiary operating in the UK have resulted in tension between Korean and HCN employees (Glover & Wilkinson, 2007). This tension is related to issues of excessive control and discipline by Korean managers (e.g. no-talking policy among employees on production lines, bowing to senior managers, and physical punishment), and some Korean Managers' unfavorable comparisons of UK HCNs' norms vs. Korean norms, e.g. beliefs that HCN employees should undertake unpaid work and generally behave as Korean employees (Glover & Wilkinson, 2007). Thus, these tensions might present problems for the future attraction of global talent.

The Korean language is considered necessary for smooth communication with the headquarters (HQ) (Froese et al., 2017). However, most Korean MNEs have realized the importance of host-country languages. For instance, many Korean MNEs select Korean expatriates for their Chinese subsidiaries based on Chinese language skills and Chinese

language training (Gamble, 2000; Kang & Shen, 2014). Several Korean MNEs have announced a shift towards the English language; for instance, LG for a time required all Korean employees to communicate in English, however, this was not feasible, and the policy was soon withdrawn (Froese et al., 2017). A lack of workplace English has become a cause of increased turnover intentions among foreign employees in Korea (Froese, Kim, & Eng, 2016; Froese, Peltokorpi, & Kim, 2012). Predictably, language policy will likely be an ongoing issue for the retention of HCN talent and detrimental to Korean MNEs' increasing adoption of a polycentric staffing approach in the future (Froese, 2020).

3.4. Comparative summary

The key GTM challenges faced by most Chinese, Japanese and Korean MNEs are summarized in Table 1. As shown in the table, there are several similarities in terms of staffing, organizational culture, and corporate language policies. Most MNEs from all three countries tend to employ an ethnocentric staffing approach (e.g. Kopp, 1994a; Shen & Edwards, 2013; Tung et al., 2013), though many MNEs from China often adjust their staffing strategy depending on economic development of their foreign subsidiaries, by adopting a polycentric approach in Western host-countries (Shen & Edwards, 2013; Zhu, 2019). MNEs from all three countries tend to maintain their traditional HQ driven organizational cultures (e.g. Khan et al., 2019; Kraeh et al., 2015; Sekiguchi et al., 2016). The home languages remain the main business languages in MNEs from these countries (e.g. Froese, 2020; Froese et al., 2016; Sekiguchi et al., 2016). Most MNEs from all three countries have adopted Western-style HRM practices, but at different degrees. In general, Japanese MNEs were less influenced and tried to maintain unique aspects of their own, original HRM practices (Froese et al., 2017; Keizer, 2011; Yanadori, 2018). Having provided a comparative overview of the country and organizational characteristics and GTM challenges, in the following section, we

will conceptualize the reasons for the differences and similarities in GTM practices of Chinese, Japanese, and Korean MNEs.

(Please insert Table 1 about here)

5. Development of a model explaining differences in GTM in Chinese, Japanese and Korean MNEs

4.1. Convergence and divergence debate

The convergence and divergence debate has been ongoing for several decades (e.g. Al Ariss & Sidani, 2016; Zhu & Warner, 2019) and can be a guiding framework to understand similarities and differences in GTM in East Asian MNEs. For Universalists, globalization results in connectedness, integration, and convergence in political, economic, cultural, and management systems; reflecting system effects in Smith and Meiksin's (1995) "system, societal and dominance" (SSD) model. Convergence may take place in the forms of "convergence", "final convergence", or at-least "directional convergence" (Kaufman, 2016; Mayrhofer, Brewster, Morley, & Ledolter, 2011). The convergence approach leads to the adoption of modern Western HRM practices—the so-called "best HRM practices" (e.g. Pfeffer, 1994). While Universalism was popular in the 1960-70s (Kerr et al., 1960) and returned in revised forms in the 1990s (e.g. MacDuffie, 1995), it has subsequently received considerable criticism for overlooking cultural, institutional, and organizational influences (e.g. Budhwar et al., 2016; Ferner, 1997, Schuler et al., 1993; Shen, 2005).

Divergence theory, on the other hand, underpinned by institutional theory, posits that organizational structures and practices are subject to the effects of national legal, political, economic, and socio-cultural contexts (DiMaggio & Powell, 1983; Scott, 1995). Institutional effects lead to localization of GTM practices (e.g. Budhwar et al., 2016). Moreover, MNEs may tend to transfer home GTM practices to international subsidiaries due to the country of

origin effects. The country of origin effects lead to standardization of GTM practices (Ferner, 1997). There is a consensus that the host country effect and the country of origin effect co-exist, and as a result, GTM to a certain degree resembles both the home and the host systems (Cooke, 2011; Edwards, et al., 2013). It is argued that institutional distance in the regulatory, cognitive and normative institutions of the host and home countries constrains the transfer of GTM. The larger the institutional distance the more difficult for MNEs to transfer GTM (Edwards, et al., 2013; Farndale et al., 2017).

Farndale et al. (2017) argue that while national HRM tends to diverge, there is convergence in HRM between HQs and international subsidiaries. Researchers, such as Almond et al. (2005), Edwards et al. (2013), Pudelko and Harzing (2007) and Kang and Shen (2016), argue that MNEs tend to transfer home GTM practices to international subsidiaries mainly due to dominance effects resulting from the relative economic strengths between the host and home countries. Almond et al. (2005), Pudelko and Harzing (2007) and Kang and Shen (2016) found that MNEs from relatively more advanced economies tend to standardize GTM in their international subsidiaries operating in relatively less developed countries. Shen and Edwards (2013) reported that Chinese MNEs tend to localize GTM in developed economies while standardizing GTM in other developing nations. In addition, Schuler et al. (1993) pointed out that organizational characteristics, such as international experience and internationalization mode also impact GTM. It thus becomes clear that multiple forces interactively affect GTM of MNEs.

4.2. Conceptual model and propositions

Integrating the convergence and divergence perspective (e.g. Al Ariss & Sidani, 2016; Budhwar, Varma, & Patel, 2016; Zhu & Warner, 2019) and the institutional distance concept (e.g. Dow & Karunaratna, 2006; Hutzschenreuter et al., 2016) we develop a conceptual framework to explain the underlying reasons for the similarities and differences in the GTM

challenges Chinese, Japanese and Korean MNEs face. As shown in Figure 1, this proposed framework illustrates how country and organizational factors (see Section 2) influence GTM challenges (Section 3). We will develop specific propositions in more detail below.

(Please insert Figure 1 about here)

There is a common tendency of MNEs to pursue global best practices (Pfeffer, 1994; Pudelko & Harzing, 2007). In recent decades, due its economic success, the US-based model of HRM has been the benchmark for Asian and European MNEs (Pudelko & Harzing, 2007). Drawing from the convergence and divergence debate and consistent with the institutional distance literature (e.g. Dow & Karunaratna, 2006; Hutzschenreuter et al., 2016), we argue that cultural and linguistic distance make it difficult for East Asian MNEs to fully adopt Western style GTM. All three East Asian countries share a Confucian heritage, characterized by homogenous and monolingual cultures. As East Asian MNEs are used to homogenous, monolingual workforces at home, they have had few concerns for and experience of managing an international, multilingual workforce (Sekiguchi et al., 2016). This contrasts with many Western MNEs, which are used to dealing with a diverse workforce and multiple languages and use effective HRM practices to attract a wide variety of talent. This observation indicates that national cultures and institutions lead to varied GTM practices, specifically, cultural homogeneity vs. heterogeneity within the home country of MNEs has an influence on the potential convergence towards global best practices.

Our paper distinguished between six areas of GTM practices. We argue that the degree of adoption of global best practices varies depending on the GTM practice in question. Prior research reported that Chinese, Japanese, and Korean MNEs have adopted Western-style HRM practices, such as in the areas of performance appraisal, rewards and compensation, and promotion and career advancement (e.g. Endo et al., 2014; Li & Froese, 2019; Shen &

Edwards, 2013; Tung et al., 2013). In contrast, they have only marginally modified their staffing, traditional organizational cultures, and language policies. These GTM practices are very difficult to change and would require long-term concerted efforts (e.g. Froese et al., 2008; Sekiguchi et al., 2016).

China, Japan, and Korea are close to each other and distant from Western countries in both linguistic distance and cultural distance. These national realities may have created convergence among the three East Asian countries in terms of ethnocentric staffing, language policies, and organizational cultural characteristics, and resulted in a divergence from Western GTM practices. As East Asian and Western MNEs compete for global talent in various countries, this may become a serious barrier, which is likely to result in great difficulties in attracting and retaining global talent (Froese & Kishi, 2013; Glassdoor, 2018; Jackson & Horwitz, 2017; Kopp, 1994). Hence, we develop the following proposition:

Proposition 1: MNEs from countries with homogeneous cultures (e.g., China, Japan, and Korea) are less likely to adopt Western style staffing, organizational culture, and language policies, than those MNEs from heterogeneous cultures. Moreover, the closeness in cultures across the three counties leads to the East Asian MNEs' similarities in GTM, which may become a disadvantage for global talent attraction and retention.

Building upon the dominance effect (Kang & Shen, 2016; Pudelko & Harzing, 2007) and institutional distance literature (e.g. Dow & Karunaratna, 2006; Hutzschenreuter et al., 2016), this paper helps to better understand the underlying reasons for convergence or divergence in GTM. Mayrhofer et al. (2011) reported that the emergence of European HRM has been partly driven by economic development. Supporting Mayrhofer et al. (2011), this paper finds that economic development is related to the adoption of global best GTM

practices. Japan was the first among the three countries to become an advanced economy, followed by Korea, while China remains a developing nation. Further, Japanese and Korean MNEs were exposed to and implemented Western HRM practices many years before Chinese MNEs. China used to be a command economy. However, since China's economic reform in the late 1970s, Chinese firms have accelerated the adoption of Western HRM practices although with Chinese characteristics (Cooke, 2009; Cooke et al., 2014; Zhu & Warner, 2019).

While the historical review of the influence of economic development has shown important differences in the timing of adoption of Western GTM, our literature review has revealed intriguing differences in the adoption of GTM practices distinguishing between HQ and foreign subsidiaries. Drawing from both the institutional distance (e.g. Dow & Karunaratna, 2006; Hutzschenreuter et al., 2016) and dominance effect literature (Kang & Shen, 2016; Pudelko & Harzing, (2007), we argue that the relative economic strength of MNEs has an influence on how Chinese, Japanese, and Korean MNEs implement GTM in foreign subsidiaries. Japanese MNEs, coming from a highly developed economy, largely implement the home GTM practices in international subsidiaries, with only minor modifications, despite major cultural and institutional differences. In contrast, Chinese MNEs, have a dual system of GTM distinguishing between HQ practices and foreign subsidiaries in developing countries on the one hand, and industrialized countries on the other hand (e.g. Kamoche & Siebers, 2015; Khan et al., 2019; Shen & Edwards, 2013). In the former, they implement their own GTM practices, e.g. ethnocentric staffing (Liu & Woywode, 2013; Ouyang et al., 2019; Shen & Edwards, 2013; Zhu, 2019). Transferring home TM practices to international subsidiaries in developing nations is often a reason for Chinese MNEs being criticized for low labor standard practices (Cooke, 2011; Cooke et al., 2018). In the latter, they localize GTM (Shen & Edwards, 2013). Korean MNEs have largely adopted US-based GTM globally, and localized staffing in major foreign markets (Glover & Wilkinson, 2007; Kang & Shen, 2013).

In conclusion, it is the hardest for Chinese MNEs to transfer GTM to subsidiaries in industrialized countries (Cooke, 2011; Khan et al., 2019). In contrast, the institutional distance between Japan and developing countries is the largest (e.g. Maharjan & Sekiguchi, 2017). The dominance effect will make it most likely for Japanese MNEs to transfer home GTM to developing countries. Related to Korea's relative economic strength, which is between China and Japan, so are Korean MNEs' GTM approach in HQ and foreign subsidiaries between that of Chinese and Japanese MNEs. This leads to the following proposition:

Proposition 2: MNEs adopt GTM practices depending on relative economic strength; MNEs from countries with high relative economic strength tend to implement their own globally standardized GTM practices, whereas MNEs from countries with low economic strength localize their GTM practices.

Having developed two propositions related to the influence of country effects, we now turn to organizational effects. Notwithstanding that prior research has identified various organizational characteristics such as industry and size to affect IHRM and GTM practices (e.g. Peltokorpi & Froese, 2016; Rosenzweig & Nohria, 1994), we focus on international experience. Consistent with prior related research (Lee et al., 2000; Rosenzweig & Nohria, 1994), our literature review suggests that international experience influences MNEs' GTM. The international experience of MNEs from China, Japan, and Korea varies substantially. In the following, we pay attention to the timing and speed of international experience and entry mode.

First, many Japanese MNEs have gained substantial international experience starting in the 1960s. Since World War Two Japanese-style HRM practices have been very successful and considered a source of competitive advantage. Over time, they have gradually developed their own unique talent management practices, and when setting up abroad they have tried to

transfer their home talent practices (e.g. Pudelko & Harzing, 2007; Sekiguichi, 2016). In contrast, most Chinese MNEs have only recently internationalized. They have aggressively adopted some US-style HRM practices, such as performance-based compensation and promotion (Cooke et al., 2018; Jackson & Horwitz, 2017; Sun et al., 2012) and struggle with the internationalization process, e.g. unprepared Chinese expatriates (Cooke et al., 2014; Khan et al., 2019; Shen & Edwards, 2013). Broadly, Korean MNEs fall somewhere between Japanese MNEs and Chinese MNEs, but are still considered latecomers (Tung et al., 2013). When operating overseas, most Korean MNEs tend to implement hybrid GTM systems which are strongly influenced by US and Japanese practices (Chung et al., 2014). Taken together, Japanese MNEs have gained substantial international experience early on, and developed their own GTM. In contrast, the latecomers from China and Korea, have largely tried to adopt US-style GTM practices.

Second, we argue that the international entry mode also affects GTM. Among the three countries, Chinese MNEs were the last to go abroad. To compensate for their late start, over the last two decades, Chinese MNEs have rapidly entered foreign markets, often via cross-border M&A, and aggressively embraced Western-style rewards and compensation, promotion, and performance appraisal systems (Cooke et al., 2018; Jackson & Horwitz, 2017; Sun et al., 2012). In contrast, Japanese and Korean MNEs—partially due to relatively greater maturity and confidence in international markets than China, and partially due to the greenfield strategy—tend to impose their home country practices (Hemmert, 2018; Sekiguchi et al., 2016; Yanadori, 2018). These findings suggest that due to institutional distance e.g. (Dow & Karunaratna, 2006; Hutzschenreuter et al., 2016) convergence in GTM takes place at different speeds and levels leading to our following proposition:

Proposition 3: MNEs adopt GTM practices dependent on their international experience; latecomers adopt global best practices more quickly and widely.

6. Future research directions

This paper provides inspiration for future research. First, our review suggests that Chinese and Korean MNEs are more likely to adopt a polycentric approach in developed host countries. This finding indicates that, in alignment with the distance literature (e.g. Dow & Karunaratna, 2006; Hutzschenreuter et al., 2016), the development stage of the host-country could create a boundary effect on the convergence or divergence of GTM. Future studies are encouraged to further empirically identify and test for boundary effects.

Second, prior research has mainly focused on home- and host-country characteristics in driving convergence or divergence (Budhwar et al., 2016; Schuler et al., 1993; Shen, 2005). While consideration of country effects is important, our review highlights that organizational characteristics play an important role in the convergence of GTM practices. We have identified that international experience is an important factor that affects the dynamics between HQ and foreign subsidiaries. We encourage future research to further scrutinize the effects of various organizational characteristics, e.g. size and industry, and perhaps even management characteristics, e.g. background of top managers, to understand the process that leads to the convergence of GTM.

Third, our observation is consistent with Harzing and Pudelko (2013), who identified so called “linguistic ethnocentrism” among Asian MNEs, as opposed to Anglophone, Continental European, and Nordic MNEs. Although English is the *lingua franca* of international business and there is some pressure on Asian MNEs to adopt English as their official corporate language to attract global talent, there is a possibility of encountering power-authority distortion when Chinese, Japanese, and Korean MNEs adopt English as their official corporate language. Power-authority distortion refers to the situation in which HQ managers who possess the formal authority in their relationships with subsidiaries lose their power to subsidiary managers and employees who have better skills in the corporate language

(i.e., English) (Harzing & Feely, 2008). Therefore, future research could investigate whether and to what degree the language policies of Chinese, Japanese, and Korean MNEs change such that they replace the home-country HQ language with English as the corporate official language.

Fourth, when reviewing prior literature, we noticed a dearth of comparative research on Asian GTM. Apart from a few conceptual studies (e.g. Rowley et al., 2004, Froese et al., 2017) and a few related small-scale empirical studies (e.g. Lee et al., 2000), we are not aware of any major survey on Asian GTM. To drive forward our knowledge of GTM in Asia, more empirical, comparative research is needed. Ideally, we would recommend developing an Asian database of GTM (Budhwar et al., 2016). This would allow us to examine the effects of country and organizational characteristics in a multi-level design. One possible way to do so would be the formation of a consortium of scholars from different Asian countries.

Fifth, we focused on GTM of MNEs. While MNEs occupy large market shares in Asia and gain broad attention, future research might want to look at GTM of small- and medium-sized enterprises (SMEs). SMEs play an increasingly important role in Asia and are an important employer (Hemmert et al., 2019), yet we know little about GTM and HRM of SMEs in Asia. Prior research suggests that IHRM could differ substantially between MNEs and SMEs (e.g. Horak, 2017). Thus, more research on GTM of SMEs in Asia is clearly needed.

Finally, we recommend broadening the scope of research on GTM. While this paper focused on GTM practices, it is likely that other factors also influence the attraction, motivation, and retention of global talent. In the recruitment literature, organizational external prestige has been highlighted to influence organizational attractiveness. Given the importance of saving face in Asia, we encourage more research on organizational image and reputation. Furthermore, future research could benefit from accumulated knowledge in diversity studies. Diversity research has produced a wealth of knowledge on national or cultural diversity,

though usually in domestic contexts (Stahl, Maznevski, Voigt, & Jonsen, 2010). Thus, we encourage future research to consider and better integrate diversity literature into GTM.

7. Practical Implications

This paper has significant practical implications for Asian MNEs, and beyond, that have been facing adversity in attracting, motivating, and retaining global talent. We identified HRM practices, traditional HQ-dominated organizational cultures, and language policies as the main challenges. First, language is a key matter preventing effective communication within Asian MNEs. English has been established as the business *lingua franca* (Brannen et al., 2014) and needs to become a corporate language. Adopting English as the corporate language would require coordinated and long-term approaches, involving the government, educational institutions, MNEs and other organizations to be effective. Governments of the respective countries are encouraged to integrate the English language much earlier and more intensively into their respective school curricula. Some improvements have been made. MNEs should integrate English language proficiency as an important selection criterion for job candidates and provide training and development opportunities to employees (Froese, 2020; Froese et al., 2012; Sekiguchi et al., 2016).

Second, hierarchical seniority-based and collectivistic organizational cultures are not compatible with Western global talent (Davies & Froese, 2019; Froese, 2020; Khan et al., 2019; Kraeh et al., 2015; Sekiguchi et al., 2016). If Asian MNEs are truly to become global companies, they need to re-consider their organizational cultures and modernize their ethos. It is thus important for Asian MNEs to develop organizational cultures and systems more responsive to host environments to enable their expatriates to better integrate with HCNs and local communities, and to avoid tensions derived from differences in expectations between expatriates and HCNs (e.g. Glover & Wilkinson, 2007). This need for change has considerable implications for international staffing and pre-departure training, as well as

expatriate mentoring and development. Asian MNEs having little experience in implementing change may consider hiring external experts to help with the organizational change process.

Third, the majority of MNEs around the world have implemented a similar set of Western style GTM practices, including formalized performance appraisals and performance-based pay and promotion. Such GTM practices are positively related to organizational attractiveness and employee motivation and retention (Tarique & Schuler, 2010). As local and foreign MNEs compete in the same labor markets, Asian MNEs are advised to develop unique Asian-best practice models that blend certain Western-style global best talent practices and Asian features. By so doing, Asian MNEs can achieve the best fit into internal and external environments.

8. Conclusions

China, Japan, and Korea have produced many worldwide leading MNEs that often face major challenges in GTM. This comparative overview reveals some convergence of performance appraisals, reward and compensation, and promotion and career advancement towards Western-style global best practices. At the same time, all three countries are bound by a shared cultural heritage and are homogenous, monolingual societies resulting in ethnocentric staffing, traditional HQ-focused organizational cultures, and home-country language policies, all of which can be a common disadvantage for global talent attraction and retention. Drawing from institutional distance theory (Dow & Karunaratna, 2006; Hutzschenreuter et al., 2016) and the convergence divergence debate (Al Ariss & Sidani, 2016; Budhwar et al., 2016; Zhu & Warner, 2019), we have developed a model to comprehend these similarities and differences. Our model considers the role of different institutional distances, relative economic strength, international experience of MNEs, and different implementation of GTM in HQ and foreign subsidiaries. Based on this understanding, we proposed directions for

future research and practical recommendations how Chinese, Japanese, and Korean MNEs can improve their GTM.

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Table 1: Key GTM challenges for Chinese, Japanese, and Korean MNEs

	China	Japan	Korea
Staffing	Ethnocentric in developing economies and polycentric in developed economies <i>(Liu & Woywode, 2013; Ouyang et al., 2019; Shen & Edwards, 2013; Zhu, 2019)</i>	Ethnocentric with slow progress toward polycentric <i>(Furusawa & Brewster, 2016; Froese et al., 2016; Sekiguchi et al., 2016)</i>	Ethnocentric, polycentric in key markets <i>(Froese, 2019; Kang & Shen, 2014; Tung et al., 2013)</i>
Performance appraisal	Rigorous; ethnocentric for expatriates and senior host-national managers; polycentric for other HCNs	Combination of many aspects (e.g., performance, abilities, attitudes) <i>(Keizer, 2011; Sekiguchi, 2013; Yanadori, 2018)</i>	Formalized, rigorous process; criteria: performance, loyalty, attitudes <i>(Kang & Shen, 2016; Li & Froese, 2019)</i>
Reward and compensation	A mixture of position-based and performance-based with the latter being the main component	Similar to local practices <i>(Grill et al, 2016; 2011; Maharjan & Sekiguchi, 2016)</i>	Performance-based <i>(Li & Froese, 2019; Tung et al., 2013)</i>
Promotion and career advancement	Rapid, performance and qualification-based promotion; <i>guanxi</i> plays an important role	Slow to moderate, combination of performance-based and seniority-based <i>(Keizer, 2011; Sekiguchi, 2013)</i>	Performance and qualification-based promotion <i>(Kang & Shen, 2014; Li & Froese, 2019; Taylor et al., 2001)</i>
Organizational culture	Monocultural HQ, hierarchical <i>(Kahn et al., 2019)</i>	Monocultural HQ, collectivistic, relationship-focused <i>(Froese et al., 2016; Sekiguchi et al., 2016)</i>	Monocultural HQ, collectivistic, hierarchical <i>(Bae et al., 2011; Froese et al., 2017; Froese, 2020)</i>
Language policies	Chinese and English	Japanese <i>(Sekiguchi et al., 2016; Yamao & Sekiguchi, 2015)</i>	Korean <i>(Froese et al., 2012, 2016, 2017; Kang & Shen, 2014)</i>

Figure 1: Conceptual framework

