

Chris Rowley, Malcolm Warner*

The Management of Human Resources in the Asia Pacific: Into the 21st Century**

In this introduction, we look at the management of human resources in the Asia Pacific region. We start with an overview of the countries involved, ranging from the hugely populated China to the city-State of Singapore, proposing three categories of economies and the people-management systems, namely the ‘developed’, the ‘developing’ and the ‘transitional’. After this, we examine the labour markets and employment trends to be found in the region, raising a number of issues relating to future job prospects. We argue that these labour market/employment phenomena and people-management developments are closely intertwined. A further section sums up the findings of the contributors to this Special Issue. Finally, we present our conclusions.

Key words: Asia, Employment, Globalization,
Human Resource Management (HRM), Industrial Relations (IR),
Multinational Corporations (MNCs)

* Professor Chris Rowley, Faculty of Management, Cass Business School, City University, 106 Bunhill Row, London EC1Y 8TZ, UK, e-mail: c.rowley@city.ac.uk.

Professor Malcolm Warner, Judge Business School, University of Cambridge, UK, e-mail: m.warner@jbs.cam.ac.uk

** Acknowledgements:

We would like to thank Irene Poon for kindly constructing some of the figures.

Article received: November 5, 2007.

Introduction

With the tenth anniversary of the contagion of the 1997 Asian Financial Crisis, the time is ripe to look at the recent position of human resources (HR) and their management in the Asia Pacific region. This part of the world economy has grown significantly in the last few decades and now has enormous economic importance, both as an exporter and an importer. Both Napoleon and Marx predicted the 'rise' of Asia and events have borne out their forecasts. Globalization has transformed the Asian economy and linked it to international markets, more closely than ever, through the adhesion of most of the component States in Asia Pacific to the World Trade Organization (WTO), China signing in late 2001. This step has made it easier for them to enter foreign markets, encouraging them to reduce trade barriers and literally open their doors to Western influences, amongst which those relating to new forms of people management has been a major innovation. Such reforms have proved necessary because people have become such an important focus of concern. Since 1980, the world's effective supply of labour has quadrupled, with Asia accounting for half of this growth (see IMF Global Outlook 2007). Indeed: 'East Asia contributed about half of the increase, due to a marked rise in working-age population and rising trade openness, while South Asia and the former Eastern bloc countries accounted for smaller increases' (IMF 2007: 162). This has been an almost unprecedented phenomenon with enormous implications for HR both in the region and outside it.

Given the high savings ratio in these countries and the huge inflow of foreign direct investment (FDI) which has poured in, significantly high rates of economic growth have been forthcoming. A 'tidal wave' of exports has led to low-cost manufacturing goods entering Western markets and damping down inflation in many of the advanced economies. Cheap goods have compensated for the negative employment effects in Western countries by cushioning real wages but at the cost of a huge trade imbalance in the case of the US. Job growth has been on a vast scale in many Asian economies, helping to create employment for those leaving the land and/or absorbing population increases. The Chinese economy, for example, needs to create 40 million new jobs each year just to keep unemployment levels to a minimum (see Lee/Warner 2006).

In this Introduction, as well as the papers that comprise this Special Issue of the journal, we deal with a wide range of Asian countries, including China, South Korea and Malaysia. These may be divided into three categories (see Zhu et al. 2007), namely developed, developing and transitional. We explain the rationale for this categorization in relation to how soon each of them proceeded with the 'modernization' process. We believe that these three groupings of economies will cover the countries in the region and we will provide examples of HR management (HRM) developments within them. The above study in fact asked if there was a specifically Asian HRM model, possibly 'hybrid' but distinct from European or North American templates (see Warner 2002; Rowley et al. 2004; Zhu et al. 2007). We argued that the conceptual formation of HRM in Asia was not a purely 'Western' notion but a mix of both 'Eastern' and 'Western' conceptualizations. While these three categories were different from each other, it was argued that they may share characteristics that distinguish them from people management models outside the region (see Warner 2003). There has also been

both a static and a dynamic element here in that while it is possible to take a ‘snapshot’ of each or all systems in the region, there is also a ‘moving image’ as they are changing individually and in terms of their interactions with each other. We will try as far as possible to capture both, where each system is coming from and the direction in which it is advancing.

An overview of some recent theoretical and conceptual trends in Asian HRM reveals a double strand. First, the reinvigoration and development of the important convergence and universalism debates in light of possible applications in different economies and trends such as globalization and ‘best practices’ (Rowley/Bae 2001; Rowley/Benson 2000; 2002; 2004). Within this is a sub-strand dealing with analysis of HRM at various levels and degrees (Rowley/Benson 2002; 2004; Rowley et al. 2004). Second, there has been a broadening of comparisons, taking in not only more, but also somewhat different and under-researched, Asian economies (Rowley/Abdul-Rahman 2008).

We will also deal with a number of specific issues relating to these Asian HRM systems and the prominence of multinational corporations (MNC). After this, we look at the recent trends in employment and HR in Asia. This examination is in terms of some key comparative dimensions of the labour market: unemployment, participation, status, sector and productivity rates¹ over the last decade of 1996-2006 using ‘The World’ as the comparative benchmark for the large regions of ‘East Asia’ and ‘South East Asia and the Pacific’, pre- and post-Asian Crisis.

Comparing and contrasting HR trends in Asia

We first make some important points about the extent and coverage of the Asia Pacific region. We do not want to get into a debate about detailed definitions of what the region is composed of in terms of the exact or definitive geographical spread of countries included or not. We will simply take the region to include the North East and South East areas of Asia, but not South Asia (eg Bangladesh, India, Pakistan, Sri Lanka). Even this more constrained region is still a very large, disparate area of vast contrasts, so we will have our work cut out anyway. The internal variations include each country’s size and types of geography, natural resources, politics, history and demographics as well as patterns of development, FDI (both as senders and receivers) and MNC operations, and so on. For instance, in terms of size of labour force (2006), countries range from 2,238,000 in Singapore and 11,288,000 in Malaysia to 24,341,000 in South Korea, 36,136,000 in Thailand, 45,628,000 in Vietnam and 66,361,000 in Japan through to 110,432,000 Indonesia and 789,652,000 in China (ILO, 2007b). This difference is important because variables, such as the above, impact differentially on countries and hence their HRM.

The physical size of countries and the number of people who live in them is of great importance; China is the world’s fourth-largest country in total area (after Russia, Canada, and the US); has a good share of the planet’s natural resources; and has almost a quarter of its population. Hong Kong and Singapore, by contrast, have only a tiny land area by comparison. Such size differences can determine how the country

¹ For definitions of terms and data see ILO (2007a).

modernizes, its balance between coastal interior development and its transportation networks and so on. As can be see from Figure 1, the range of population ranges from 1.3 billion in China to 4.5 million in Singapore.

Figure 1: Population and economies of selected Asian countries, 2006

(Sources: miscellaneous)

<i>Country</i>	<i>Population</i>	<i>Population Growth</i>	<i>GDP (PPP)</i>	<i>Per Capita Income (PPP)</i>	<i>Life Expectancy (Years)</i>
China	1,313,973,713	0.59%	\$8.883 trillion	\$6,800	72.58
Hong Kong	6,940,432	0.59%	\$234.3 billion	\$34,000	81.59
Philippines	89,468,677	1.80%	\$412.5 billion	\$4,700	70.21
Indonesia	245,452,739	1.41%	\$869.7 billion	\$3,600	69.87
Japan	127,463,611	0.02%	\$4.70 trillion	\$31,600	81.25
Malaysia	24,385,858	1.78%	\$287 billion	\$12,000	72.50
Singapore	4,492,150	1.42%	\$126.5 billion	\$28,600	81.71
South Korea	48,846,823	0.42%	\$1.101 trillion	\$22,600	77.04
Taiwan	23,036,087	0.61%	\$640 billion	\$27,500	77.43
Thailand	64,631,595	0.68%	\$550.2 billion	\$8,600	72.25

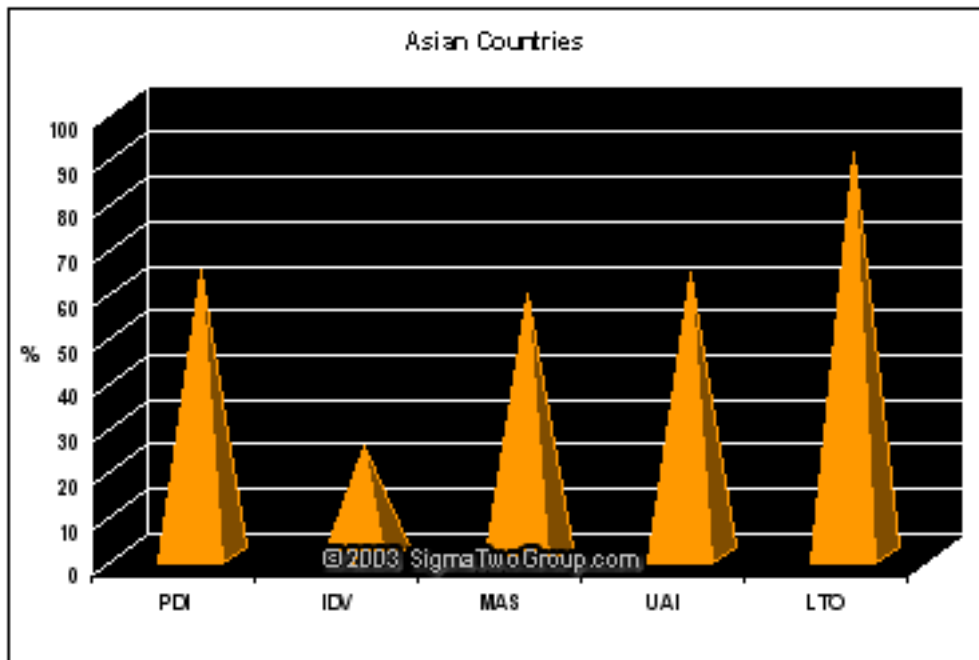
Even so, strategic location can be important, as for example in the cases of Hong Kong and Singapore which are only small city-States, but which have very high gross domestic product (GDP) per capita, as can be seen in Figure 1. In the Asia Pacific region, perhaps large cities may be as important as many other small countries in terms of their wealth and resources. The size of the Chinese labour force is certainly a significantly important natural asset and a source of cheap labour. On the other hand, if a country's labour force is highly educated as in the case of Japan and South Korea, this may be a compensating factor. Human capital may thus be a vital asset in development and cannot be emphasized strongly enough.

Taking the three groups, which we set out earlier, namely the developed, the developing at the transitional, we can see that there are a variety of HRM systems present. In the developed economies, such as Japan, South Korea and Taiwan, highly sophisticated HR has evolved. These nations have highly educated labour forces, prominent influence of large MNCs and knowledge-based industries (Rowley/Warner 2004). In the developing economies, such as Indonesia, Malaysia and Thailand, we find another type of HR regime (Rowley/Abdul-Rahman 2008). In these settings, investment in HR is fast-growing; here we find a 'dual-sector' economy, with MNCs providing the lead but with a large number of small businesses with less sophisticated practices (Rowley/Warner 2007). In the transitional ones, such as China and Vietnam, we find nascent labour markets developing and HR practices appropriate to them (see Warner 2005; Warner et al. 2005). Here, the State-owned enterprises (SOE) with their 'iron rice bowl' (tie fan wan) practices, epitomizing a kind of lifetime employment (see Warner 1995; 2004; 2006) as was the case in Japan for many workers, are diminishing in importance and HRM in any recognizable form is replacing the old status quo, at

least in large semi-privatized corporations, as well as in Western joint ventures (JVs) and wholly owned foreign enterprises (WOFEs).

Across these three types of Asian economies and societies, we find a number of common characteristics. There are a range of different cultural and religious contexts to be found but many of them are derived from either Buddhism or Confucianism (see Warner 2003). If we look at value systems (see Hofstede 1980) we find that ‘power-distance’ scores highly; ‘uncertainty’ is common; ‘collectivism’ is very prevalent; with ‘masculinity’ greatly underscored in Asia. In China, what Hofstede dubs ‘long-term orientation’ (LTO) scores as the highest-ranking factor (118), which he claims is true for all Asian cultures (see Hofstede 2007). This dimension reveals a society’s time-perspective and an attitude of persevering; that is, overcoming hurdles with time, if not with their will and strength (see Figure 2) The Chinese rank lower than any other Asian country in the individualism (IDV) ranking, at 20 compared to an average of 24. This may be ascribed, in part, to the high level of emphasis on a collectivist practices by the Party, as compared to one of individualism. The low individualism ranking is common in a close social ‘group’, be it a family, extended family, or extended social network. Loyalty in a collectivist society is prominent; such societies breed strong bonds where people take a serious degree of civic and moral responsibility. The cultural context of South Korea (Rowle/Bae 2003) is also important and in some ways similar, but also different (Rowley et al. 2002). Likewise, Malaysian multi-ethnic and religious cultural context is critical (Rowley/Bhopal 2002; 2005; 2006).

Figure 2: Average of scores for China, Hong Kong, Japan, South Korea, and Taiwan
(Source: Hofstede 2007)



In most Asian countries, the 'State' (see Dore 1987) has been a major player in their development, starting with Japan in the late 19th century, with the *Meiji* Restoration and its subsequent outcomes; it promoted the rise of indigenous big business, namely the *zaibatsu*; even today, it is still highly influential through such government institutions as MITI. In South Korea and Taiwan, the State played a prominent role, building up large companies, as in the case of the Korean *chaebols* and directing the employee relations system (Rowley/Bae 1998; Rowley et al. 2002). The State's role in Malaysia is also critical, with its ethnic underpinnings (Rowley/Bhopal 2002; 2005; 2006). In China and Vietnam, under the command economies of the post-war revolutionary regimes, State-guided development was the norm; here giant SOEs, some employing hundreds of thousands of people, dominated the economy. Today, with the economic reforms having bedded down for some years, market forces now boost those enterprises that lie outside the State's domain. The State now runs less of the economy than it did in the past, however. In the Chinese case, the share of SOEs in productive output has fallen from 77.6 percent in 1978 to less than 30 percent now, a major 'sea-change'. The so-called 'dinosaur' SOEs no longer overshadow the economy, either by share of output or employment. Nonetheless, there are still some 170,000 SOEs with assets adding up to almost US\$1 trillion, in fact more than in any other economy, and it is said that not a single stock-market listed former SOE has yet been fully privatized. Even so, the bulk of industrial production and employment is now to be found in the former SOEs, JVs, WOFEs, privately-owned domestic firms and so on. Vietnam's development is believed to be based on the economic renovation policy of '*doi moi*' initiated in 1986, some years after than economic reforms in China in 1979 (see Warner et al. 2005). *Doi moi* aimed to transform Vietnam into a multi-sector, globally integrated market economy 'with socialist characteristics' from a closed, centrally-planned economy based on public property (see Thang et al. 2007).

In the 21st century it is very likely, however, that the role of the State will be further diminished in Asia as elsewhere but it is doubtful whether it may totally disappear. If there is a severe future global recession for instance, Asian and indeed many other nations may retreat behind trade barriers again and the State may take the reins of control again wherever it feels national interests dictate this. In the former Soviet Union, for instance, the big energy corporations have been put back under firm State 'guidance'. But the signing of the WTO protocols may make this more and more difficult.

The political systems in each of these three Asian types range from mostly *capitalist* in the first two categories and at least nominally *socialist* in the last of these. Even where parliamentary institutions prevail, as in Japan, there has been effectively only one party in government for the last half century. Malaysia has seen political domination by the governing coalition. A number of other countries have seen a mixture of freely elected governments and dictatorships, in one mixture or another, such as South Korea and Thailand. China and Vietnam for their part retain the hegemony of their respective Communist Parties, plus or minus. However, these regimes are loosening up in many ways and limited political change may be on the horizon (see Warner et al. 2005) although a Chinese official spokesman, *Li Dongsheng*, has recently pointed out that Western-style democracy is not envisaged in the conceivable future, he noted

that: "Political reform is an important component of our comprehensive reform. We have advanced political reform without pause." But he quickly quashed any idea that China could eventually become a multi-party liberal democracy: "We will never copy the Western model of political system." (BBC News, 14 October, 2007). Sinologists are very much divided in whether they are optimists or pessimists in this domain but there is no doubt private space has increased greatly for Chinese citizens since Deng's reforms. On the economic front, the State has retreated considerably, for better or worse. In recent years, the 'Washington consensus', has been influential in encouraging economic liberalization in most of Asia, due to the influence of the International Monetary Fund and the World Bank; here we have seen a growth in 'neo-liberal' policies, privatizations, and so on.

With these points noted, we now provide some broad-brush trends in the key areas of HR. Labour markets and employment are important issues to be emphasized at this juncture. We look at these in terms of comparisons of a number of key dimensions of employment and the critical issues involved. We would argue that labour market/employment trends and the evolution of people management forms are inextricably bound together and that one influences the other (and also *vice-versa* in a feedback loop), other things being equal.

Comparative dimensions of employment in Asia

We can look at the employment situation in Asia in a wide-ranging historical and comparative manner (whilst acknowledging the usual caveats about such figures, like coverage, comparability and so on) to make it more manageable in a short article. The ILO (2007a) uses 20 key indicators of the labour market. Here, we will focus on just five (unemployment, participation, status, sector and productivity rates) and over just the last decade (1996-2006). This approach will give a flavour of some ongoing trends involved. One reason the ILO's (2007a) figures are useful here is that they not only give dimensions globally (as 'The World') but use several broad spatial sub-groups, including two we use here: 'East Asia' and 'South East Asia and the Pacific'.² We can show these employment dimensions in a variety of ways, some of which follow.

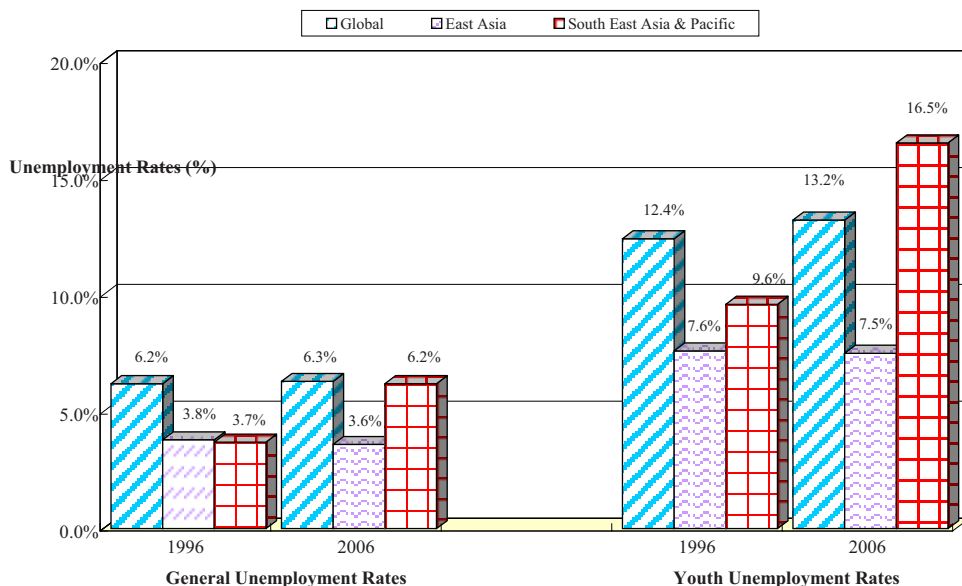
First, in terms of unemployment rates the 1996 and 2006 levels were roughly constant globally and in East Asia, albeit at much lower levels (see Figure 3). In contrast, unemployment rose very sharply in South East Asia and the Pacific (see

² For the ILO (2007b) regions include:

- East Asia: China, Hong Kong China, Korea Democratic Republic of, Korea Republic of, Macau China, Mongolia, Taiwan China.
- South East Asia: Brunei Darussalam, Cambodia, East Timor, Indonesia, Lao People's Democratic Republic, Malaysia, Malaysia Peninsula Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam.
- Pacific Islands: American Samoa, Cook Islands, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Nauru, New Caledonia, Niue, Northern Mariana Islands, Pacific Islands, Papua New Guinea, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, Wallis and Futuna Islands.
- South Asia: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka.

Benson/Zhu 2005), going from roughly similar levels to East Asia in 1996 to almost matching the world's higher rate a decade later. Youth unemployment also showed some worrying features, starting at much higher levels (almost double) than general unemployment rates globally and in both Asian areas. It remained higher by 2006 as rates rose slightly in the World and fell slightly in East Asia (see Figure 3). In contrast, in South East Asia and the Pacific youth unemployment was lower than the global rates, but not East Asia's in 1996, yet rose massively to nearly three times the area's general unemployment level and ended higher than global levels and more than double East Asia's rate.

Figure 3: Unemployment rates comparatively, 1996-2007 (Source: ILO (2007))



Second, labour force participation rates remained similar with only a slight fall over the decade globally with higher levels in East Asia, albeit a falling rate and in South East Asia and the Pacific, but here with a very slight rise (see Figure 4). The gender differences in participation rates were starker. Poor female participation rates globally remained low and even fell slightly while in East Asia rates remained much higher, but also declined. Low rates in South East Asia and the Pacific showed a small rise, but remained substantially lower than in East Asia and only a little higher than global figures. Again, youth participation showed marked contrasts. Here the figures for the World were lower and fell compared to East Asia's higher rate, albeit also falling, with South East Asia and the Pacific much worse, but remaining a little higher than global trends, although slightly falling.

Third, an examination of status/types of employment shows some interesting contrasts. 'Wage and salaried workers' increased globally while East Asia and South East Asia and the Pacific continued with lower rates and the latter fell behind the former

Figure 4: Participation rates comparatively, 1996-2006 (Source: ILO 2007)

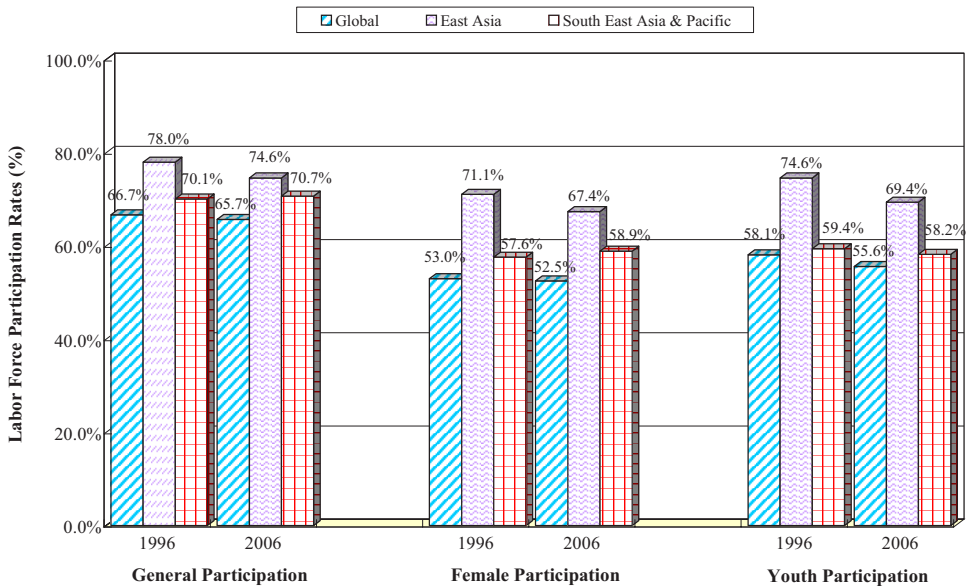
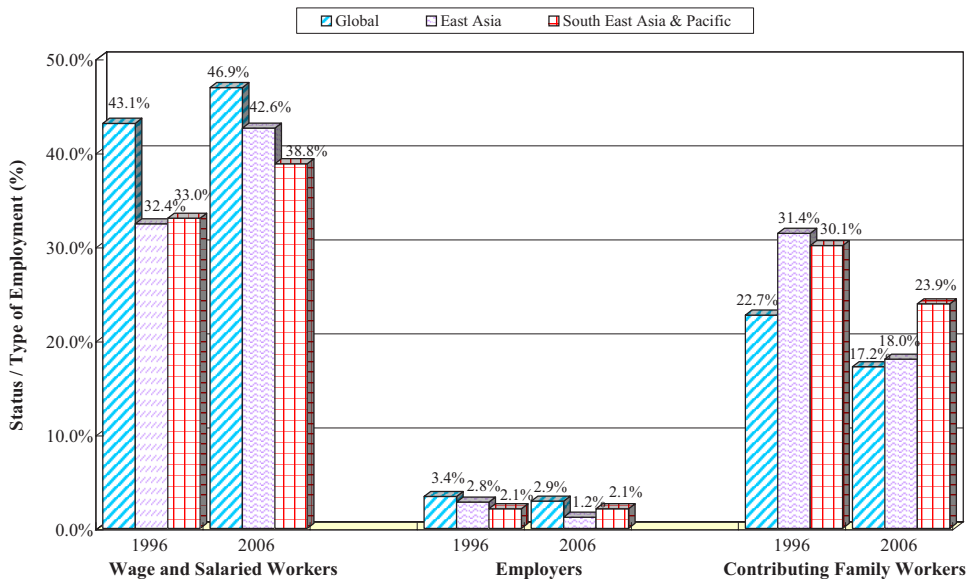


Figure 5: Status/types of employment comparatively, 1996-2006 (Source: ILO 2007)

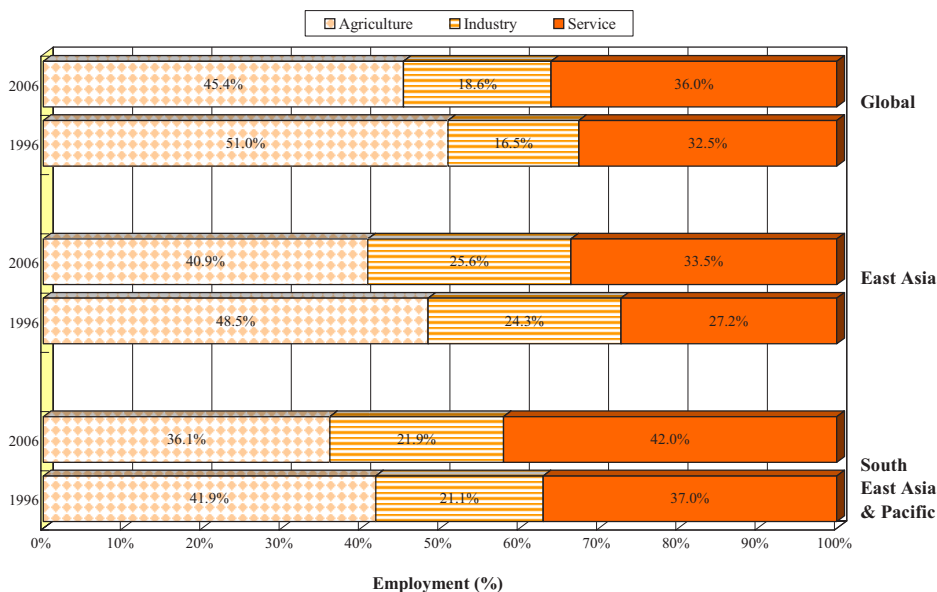


(see Figure 5). ‘Employers’ had much lower levels globally and in both Asian areas and fell in the World and East Asia while remaining the same in South East Asia and the Pacific. ‘Contributing family workers’ had higher levels but suffered large declines

globally and in both Asian areas, with East Asia declining the fastest, and from higher than globally, but with South East Asia and the Pacific retaining higher levels in both 1996 and 2006 than the World but now also overtaking East Asia's rate.

Fourth, employment by sector provides very interesting comparisons. Globally 'Agriculture' employment remained lower than in East Asia, which in turn was lower than in South East Asia and the Pacific. There were falling levels in the World, East Asia and South East Asia and the Pacific (see Figure 6). In contrast, 'Industry' employment grew in the World, although rates were higher, and rose, both in East Asia and South East Asia and the Pacific. The big gains were in 'Services', growing globally and in the Asian areas to over one-third of employment. The World's consistently higher figures were not quite matched in East Asia or South East Asia and the Pacific's slightly higher figure.

Figure 6: Sectoral employment comparatively, 1996-2006 (Source: ILO 2007)



Fifth, productivity³ is an interesting phenomenon; while rising globally and in both Asian areas, the sizes appear to be very different (see Figures 7 and 8). The world's figure increased and East Asia's doubled, but still lagged behind. South East Asia and the Pacific increased its levels very much more slowly, and remained at only about half of the global rates and now behind East Asia's level. Comparisons of annual changes in productivity are even more illuminating. While increasing globally and in both Asian areas, this was from various levels and by different amounts. The world's rate grew slightly, whereas East Asia's rate was much higher, nearly three times to start with and remained so. While South East Asia and the Pacific's rate increased, it remained much lower than East Asia's, although it overtook global rates very slightly.

³ Measured as output per worker, constant US\$2,000 at Purchasing Power Parity.

Figure 7: Productivity comparatively, output per worker, 1996-2006 (Source: ILO 2007)

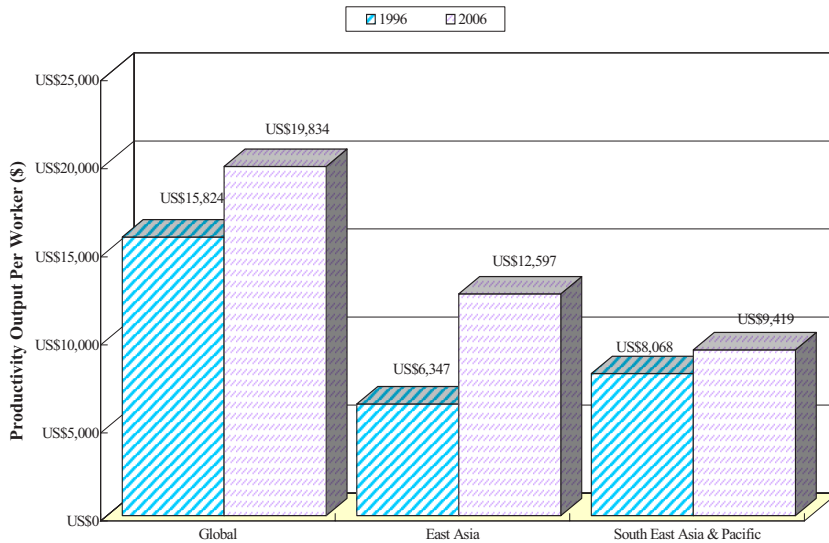
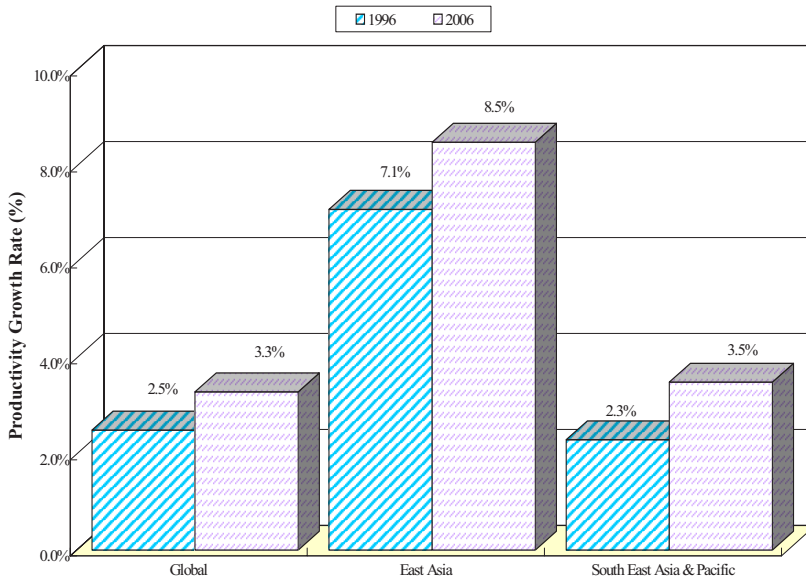


Figure 8: Productivity comparatively, growth rate (%), 1996-2006 (Source: ILO 2007)



In sum, several broad areas of Asian employment stand out. First, there are three areas of concern regarding the poorer performance of the South East and Pacific region in terms of rates of general and youth unemployment, female and youth participation

and productivity growth. Second, there remains the continuing better performance of East Asia in terms of unemployment, participation and productivity rates.

Content and Themes

We now turn to the specific papers in this Special Issue: – we list the main themes and coverage and we will then summarize each in turn. The issue includes work on MNCs from Japan (and the US and Europe), South Korea, China and their operations, especially in South Korea and Malaysia and Asia (and elsewhere) more generally.

To start with, *Yu et al's* paper is entitled 'MNCs' HRM Strategy and Country of Origin Effect: Do North American, European and Japanese Firms Really Differ?' Their study examines whether significant differences in the HRM strategy between North American, European and Japanese subsidiaries exist. In doing this the author's study has three distinctive methodological characteristics as compared to previous empirical studies. First, their work is based on a multivariate analysis – the multinomial logit regression – to control the influences of other variables more so than country of origin. The control variables include industrial sector, firm size, labour union and age. Second, it includes other variables which can help explain the differences in HRM strategy choice, such as entry and investment strategies. Third, considerable effort was made to secure a sufficiently large enough sample to allow rigorous multivariate analysis. They utilized a data set of 419 cases collected from a survey of foreign subsidiaries in South Korea with equal or more than 50 percent equity owned by MNCs. American, Japanese and European subsidiaries represented 34.6 percent, 32.7 percent, and 32.7 percent respectively.

Based upon these MNC subsidiaries in South Korea they examine the country of origin effect in the choice of MNCs' HRM strategy: 'transplantation', 'localization' and 'mixed'. A multinomial logit regression analysis shows that there is an important country of origin effect in the choice between localization and mixed strategies. American MNCs tended to implement a mixed strategy, whereas Japanese MNCs tended to adopt a localization strategy and European MNCs were in the middle. The estimated log odds of choosing a localization strategy over a mixed strategy by Japanese subsidiaries were 1.79 times higher than European subsidiaries and 2.85 times higher than American subsidiaries; those by European subsidiaries were 1.59 times higher than American subsidiaries. However, the country of origin was not significantly related to the choice between a transplantation strategy and other strategies.

These authors also examined two alternative factors influencing the HRM strategy of foreign subsidiaries in South Korea: investment and entry strategy. The authors believe that a cost orientation strategy makes the MNCs choose a transplantation strategy, and the chances are that this strategy negatively influences the HRM climate in foreign subsidiaries. The preference of a foreign management team for transplantation can be explained by the fact that they prefer the HRM system that they are more familiar with. In contrast to the authors' expectations, however, they could not find any significant results regarding the effects of MNCs' entry strategy on HRM strategy. Yet, the M&A style of entry strategy was minor when the survey was conducted. Only about 7 percent of MNCs in the sample used M&A when they established subsidiaries. Therefore, maybe the sample size for the M&A cases is too small to be statistically

significant as the authors postulate. Otherwise, there is no difference in HRM strategies regarding entry strategy. The implications of this and directions for future research are also discussed.

While continuing with the theme of MNC behaviour, with shift our focus slightly, we turn to concentrate on an Asian country's – China – MNCs overseas. Here we find *Shen's* paper 'Approaches to International Industrial Relations in Chinese Multinational Enterprises', which notes that Chinese direct outward investments have increased rapidly since the late 1970s, but how Chinese MNCs manage industrial relations (IR) and international IR (IIR) has been less studied. Using a longitudinal case study approach this study examines the approaches to IIR and the associated factors in eleven Chinese MNCs varied in size, ownership, history and sector, including banking, airlines, shipping, health products, electronics, steel and mining.

Although there has been an increased interest in IIR since the early 1990s, it lacks conceptual coherence and such studies as have been undertaken have focused on Western MNCs rather than those from developing and transitional economies, such as China. Whether the findings on IIR in Western MNCs are generally applicable to non-Western economies remains a matter of conjecture the author states. An understanding of how Chinese MNCs manage IIR and what factors determine MNC decisions on IIR policies and practices is important. On the one hand, success in international business will require Chinese MNCs to develop effective IIR. Such an understanding we hope will serve to help build a theory of IIR in small and medium-sized, newly-internationalized MNCs from developing economies, on the other.

This study develops a framework for an integrative approach to IIR, and tests the framework with Chinese MNCs. It reveals that Chinese MNCs adopted an 'integrative approach' to IIR, combining both the home and host country IR systems. Considerable changes in the IIR policies and practices of the Chinese MNCs during the study period were found, such as centralization of decision-making on IIR, decreases in unionization rates and increases in collective bargaining and labour disputes. These changes, however, did not change the integrative nature of the MNCs' approaches to IIR. The findings of this study contribute to the international business literature by arguing that MNCs tend neither to adopt wholly home-based nor host-based IR systems.

The degree to which IIR is home-based or host-based is determined by the country of origin effect, the host country effect and a range of firm-specific factors. The host country effect was by political pressure from local authorities, host legislation and regulation and IR traditions. The country of origin effect was illustrated by senior management's attitudes toward unionism and collective bargaining. The interaction of the home and host effects was typically found in the labour standards in the Chinese MNCs' overseas subsidiaries. On the one hand, the Chinese MNCs tended to localize labour standards, e.g. high wages and good working conditions in developed countries, versus low wages and poor working conditions in developing countries. On the other hand, labour standards in subsidiaries were influenced by the home country's low labour standards. This feature, and the fact that labour standards in the Chinese MNCs were generally lower than their Western counterparts, may better explain why

most collective labour disputes occurred in the developing countries. Even so, levels of disputes were lower than in the home country.

The ability of the Chinese MNCs to alter the IR systems in host countries was a function of their bargaining power, which was in turn affected by their importance to, and influence, on economies, to their ability to transfer knowledge and technology to host enterprises and the degree of MNC reliance on host markets. Most Chinese MNCs had weak bargaining power and usually had to comply fully with host IR regulations and traditions. The incidence of labour disputes was related to industry types, each with a different level of labour density and labour conditions. The changes in the MNCs' senior management's perception of IIR significance, host unions and labour relations over the period were attributable to the managers' growing international experience.

We continue to focus on home and host country importance. Next *Rowley and Abdul-Rabman* in their paper, 'The Management of Human Resources in Malaysia: Locally-Owned and Multinational Companies', examine people management practices in companies in Malaysia. They explore the development of the main practice areas of the management of HR, the HRM function and to what extent locally-owned companies (LOC) are influenced by MNCs (e.g. South Korean) operating in Malaysia. They find LOCs (domestic firms wholly-owned by Malaysians) do not place a high priority on their HR practices and do not benchmark against the HR practices of MNCs. Overall, Malaysian people management generally would be better characterized as remaining more like 'personnel', than 'HR', management. Any acceptance and development of the HRM concept by Malaysian companies was slow and cautious. This situation may prove problematic for future competitiveness and upgrading in the context of low wage cost competition from other countries.

The authors note that the importance of HR and their management remain critical to organizations and economies. Likewise, despite the emphasis often given to MNCs, LOCs also retain their importance. For example, it is argued that HRM is increasingly crucial for organizations. HR can also contribute to the success of countries. Furthermore, HR are seen as the foremost intangible asset which composes a firm's core competence and crucial to solving organizational problems and increasing performance. Ultimately, organizational competitiveness is built upon HR it is argued. Yet, despite this view of HRM's importance as a specialized business function and set of practices, it is a relatively new area of interest in Malaysia.

While the politics and economy of Malaysia are well covered, less is known about its people management. Some studies examined MNC influence on Malaysia, normally concentrating on economic development, foreign trade balances and employment creation, but with less focus on other aspects, including management practices, non-Japanese Asian MNCs and LOCs. Much of the literature mainly discusses HRM in foreign-owned firms and comparisons with local subsidiaries. One purpose of this paper is to examine the type of people management practices in Malaysia in both LOCs and local plants of MNCs and the evolution and role of the HRM function and MNC influence. The authors' research questions concern to what extent HRM found fertile ground to develop on relatively unchanged or was adapted to local social, cul-

tural, political and legislative systems, the development of the HR function locally and MNC influence in these areas.

We next broaden our scope and while continuing with the theme of host country influence, take a different approach and use a specific policy area to explore ethnocentric behaviour. Here, *Harry and Nakajima* in their paper, 'Ethnocentric HRM Policies in the Asia Pacific Region: an Explanation of Host-Country Resistance' consider the impact of ethnocentric policies in the Asia Pacific region. They do this by using as an example diversity policies created by MNCs, non government organizations (NGOs) and international agencies, then imposed on a host country and its population. Examples of practices in the Asia Pacific illustrate how ethnic issues, religion, the experience of war and migration have major impacts on perceptions of host country nationals (HCN) and governments. The paper discusses possible reasons for HCNs to resist foreign, apparently, ethnocentric policies. This resistance is often based on the experience of being colonised or the fragile social cohesiveness of host nations. MNC motives are regularly perceived to be to weaken host nations and its organizations so as to be able to dominate local economies and taking little, if any, account of local needs and sensitivities. The imposition of ethnocentric policies shows that the parent organizations are not 'MULTInational' but 'SINGLEnational' companies bringing their home country concerns and values to the host country with minimal understanding of the consequences which occur.

The authors give a 'different' perspective and rather than providing empirical or scientific evidence to support their contention that often foreigners are unaware of the impact of their policies in the Asia Pacific use an alternative lens. To the visitor, even one on a long visit, the major cities of the region, eg Singapore, Shanghai, Tokyo seem just like Frankfurt, London and New York while the inhabitants seem to be undertaking manufacturing, service and office jobs in very similar ways to those engaged in this type of work in North America and Europe. This leads academics and business people to believe that the globe is 'converging' without realising that in most organizations and for most people there is a continuation of their own national, ethnic, religious and political ways of doing things that are hidden or misunderstood by foreigners.

This paper is based on the authors' long term experience in and from the Asia Pacific. It draws upon their life and work experience supported by the limited amount of relevant academic literature (in English) giving access to the views of HCNs. They focus on diversity policies because there are often at the forefront of MNC's, especially US-based ones, HRM policies. They perhaps over-emphasize, in an un-Asian way, points of conflict and contention, but this has been to develop the perspective of the reader and maybe even to challenge other researchers (and themselves) to produce empirical evidence on this topic. While the paper touches issues of politics and social activities not usually found in management studies, organizations and people cannot work in the region expecting the politics and society to be the same as at home in Europe and America, these authors argue.

Last of all, we have an important extended review of the literature in the field by *Harry and Jackson*: 'The Globalization Wave in HRM and its Undertow – A Review of Books Relevant to HRM in the Asia Pacific Region.' This review examines a range of books that explain the impact of global ways of HRM on managing people in the Asia

Pacific region. The review considers some of the causes and consequences of resistance to these global ways. The reviewers believe that the majority of global HRM books take a Western standpoint or the views of subsidiaries of international firms 'acting local'. These global books overlook the situation in truly local organizations and tend to underestimate the local nature of the response to Western notions of 'best practice'. Furthermore, global books tend to overestimate the general validity of their conclusions about a particular region.

The review is undertaken in the context of the *convergence/divergence* debate and against this background the reviewers decided to imagine global HRM acting like a highly visible wave potentially overwhelming the host countries' needs and expectations while the local resistance is an invisible undertow which most foreigners fail to see and understand. The approach taken by the reviewers is experimental, and designed to provoke reactions – both positive and negative.

The reviewers begin by examining representatives of the 'wave' of global HRM books, particularly those on Asia. They then consider several books which are outside mainstream International HRM which are not within the view of most HRM academics and practitioners. Finally, they review books which might help organizations to understand how they can make a contribution to the host environment, so dealing with some of the causes of the local resistance – as well as improving long-term outlook for foreign organizations.

Conclusions

Looking at the factors shaping the development of people management in Asia, we can now summarize ongoing trends as follows. *First*, we find a strong foreign influence, in particular from the US (as well as from Japan), on how people management systems in Asia have developed. The more dependent on foreign capital and MNCs' activities countries are (for example, Taiwan, Malaysia, Thailand), the more Western-style HRM practices may be adopted. Even in China, the greater the foreign degree of ownership of companies, the more the larger ones are likely to adopt advanced forms of HRM.

Second, the State has played a major role in the three categories of countries examined. The influence from the State may be seen as 'strong' or 'very strong'. The development model has been labeled 'State-led development'. We can see this not only in the modernization process but also in for example the role of active labour market policies (see Lee/Warner 2006). Even where 'neo-liberal' policies have been implemented, these experiments continue to be closely 'monitored' and some cases even 'guided'.

Third, the stage of economic and social development influences the people management system in Asia – as it is related to the functional social and institutional framework. In the less developed economies, it does not matter how many pieces of legislation are passed, the implementation and enforcement of law and regulation have always been more problematic. Both national cultures and values continue to steer development paths and to shape them. As far as HRM is concerned, it is usually interpreted in 'national' terms; for example, in China, we have HRM 'with Chinese characteristics' (see Warner 2005).

In sum, HRM in Asia has varied terrain to work on, even in terms of the restricted countries, time period (1996-2006) and number of areas dealt with here. In terms of unemployment, East Asia has a rosier picture, with only about half the global rate, but in the South East Asia and the Pacific region unemployment almost doubled to reach the global average (about 6 percent). With labour participation again East Asia (about three-quarters) compares well globally (about two-thirds), while South East Asia and the Pacific has similar levels to the global rate. However, there remains the worryingly poor levels of female participation and declines in East Asia (albeit at higher rates, at about two-thirds, than globally) and only a small increase in South East Asia and the Pacific. Likewise, youth participation fell in East Asia (to about three-quarters, but still remained better than the small rise to over half globally) and South East Asia and the Pacific (closer to the global average). The type of employment has also changed. Wage and salaried workers increased in both Asian regions (and globally), employers remained far fewer and stagnant or falling, while contributing family workers saw large declines, especially in East Asia where the rate collapsed (from nearly one-third to less than one-fifth). Sectoral employment has also shifted. The rate of employment provided by agriculture declined while industry accounted for about one-quarter in East Asia (compared to about one-fifth globally) and in South East Asia and the Pacific and services growing in East Asia (to over one-third) and South East Asia and the Pacific (close to one-half, similar to global rates). In terms of productivity, South East Asia and the Pacific's rates (about 3 percent) was similar to global levels, but dwarfed by East Asia's (approximately 8 percent).

The authors in this *Special Issue* use an interesting mix of research perspectives and methods. In terms of the content of this *Special Issue*, it contributes to several key topics within HRM and international business. These are in the important areas of MNC operations and strategies. This includes not just non-Asian MNCs in Asian locales but also Asian MNCs themselves. It also covers LOCs. As such, this issue contributes to the debates on home/host country, country of origin effects, and so on and the wider converge-divergence area and globalization.

References

- Asia Development Bank (2007): <http://adb.org>
- Benson, J./Zhu, Y. (eds.) (2005): *Unemployment in Asia*, London and New York, NY: RoutledgeCurzon.
- BBC News (2007): <http://news.bbc.co.uk/1/hi/world/asia-pacific/7043942.stm>
- Dore, R. (1987): *Taking Japan seriously: A Confucian perspective on leading economic issues*. London: Athlone Press.
- Hofstede, G. (1980): *Culture's Consequences*. London: Sage.
- Hofstede, G. (2007): http://www.geert-hofstede.com/hofstede_china.shtml
- IMF (2006): *Regional Economic Outlook: Asia and Pacific*, International Monetary Fund. Washington DC.
- IMF (2007): *World Economic Outlook*, International Monetary Fund. Washington, DC.
- ITUC (2007a): *APEC Must Address the Real Challenges of the Asia-Pacific, Including the Ugly Faces of Globalization*. In: International Trade Unions Confederation. Press Release, 31st August.
- ITUC (2007b): *APEC Remains Distant to Citizens*. In: International Trade Unions Confederation. Press Release, 13th September.
- Lee, G.O.M./Warner, M. (eds.) (2006): *Unemployment in China*. London: RoutledgeCurzon.

- Rowley, C. and Abdul-Rahman, S. (eds.) (2008): *The Changing Face of Management in South East Asia*. London: Routledge.
- Rowley, C./Bae, J. (2001): The Impact of Globalization on HRM. In: *Journal of World Business*, 36(4): 402-28.
- Rowley, C./Bae, J. (eds.) (1998): *Korean Business: Internal and External Industrialization*. London: Frank Cass.
- Rowley, C./Bae, J. (2003): Culture and Management in South Korea. In: Warner, M. (ed.): *Culture and Management in Asia*. London: Curzon: 187-209.
- Rowley, C./Bae, J. (2004): Macro and Micro Approaches to HR Development: Context and Content in South Korea. In: *Journal of World Business*, 39(4): 349-361.
- Rowley, C./Benson, J (eds.) (2000): *Globalization and Labour in the Asia Pacific Region*. London: Frank Cass.
- Rowley, C./Benson, J. (2002): Convergence and Divergence in Asian HRM. In: *California Management Review*, 44(2): 90-109
- Rowley, C./Benson, J. (eds) (2004): *Managing Human Resources in the Asia Pacific Region: Convergence Reconsidered*. London: Frank Cass.
- Rowley, C./Bhopal, M. (2002): The State in Employment: The Case of Malaysian Electronics. In: *International Journal of Human Resource Management*, 13(8): 1166-1185.
- Rowley, C./Bhopal, M. (2005): The Role of Ethnicity in Employee Relations. In: *Asia Pacific Journal of Human Resources*, 43(3): 308-331.
- Rowley, C./Bhopal, M. (2006): The Ethnic Factor in State-Labour Relations. In: *Capital and Class*, 88:87-116.
- Rowley, C./Warner, M. (eds.) (2007): *Business and Management in South East Asia: Studies in Diversity and Dynamism*. London: Routledge.
- Rowley, C./Benson, J./Warner, M. (2004): Towards an Asian Model of Asian HRM: A Comparative Analysis of China, Japan and Korea. In: *International Journal of HRM*, 15(4/5): 917-33.
- Rowley, C./Sohn, T.W./Bae, J. (eds) (2002): *Managing Korean Business: Organization, Culture, Human Resources and Change*. London: Frank Cass.
- Thang, L.C./Rowley, C./Quang, T./Warner, M. (2007): To what extent can management practices be transferred between countries? The case of human resource management in Vietnam. In: *Journal of World Business*, 42: 113-127.
- Warner, M. (1995): *The Management of Human Resources in Chinese Industry*. London: Macmillan and New York: St Martin's Press.
- Warner, M. (2002): Globalization, labour-markets and human resources in Asia-Pacific economies: An overview. In: *International Journal of Human Resource Management*, 13: 384-398.
- Warner, M. (ed): *Culture and Management in Asia*. London: Curzon: 187-209.
- Warner, M. (2004): China's HRM Revisited: A Step-wise Path to Convergence? In: Rowley, C./Benson, J. (eds.): *The Management of Human Resources in the Asia Pacific Region: Convergence Reconsidered*. London: Frank Cass: 15-31.
- Warner, M. (ed.) (2005): *Human Resource Management in China Revisited*. London: Routledge
- Warner M./Edwards V./Polansky G./Pucko D./Zhu Y. (2005): *Management in Transitional Economies: From the Berlin Wall to the Great Wall of China*. London: RoutledgeCurzon.
- Zhu, Y./Rowley, C./Warner, M. (2007): Human resource management with Asian characteristics: A hybrid people-management system in East Asia. In: *International Journal of Human Resource Management*, 18: 44-67.