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**Comparative Human Resource
Management Practices in the U.S., Japan,
Korea, and the People's Republic of
China**

**CEO Publication
G 88-19 (132)**

Mary Ann Von Glinow
Byung Jae Chung
University of Southern California

May 1994

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ABSTRACT

Human Resource managers in the United States and in other countries have a number of operating assumptions that guide their thinking about the firm's human assets. These assumptions include assumptions around people as specialists or generalists; assumptions around the American notion of success and hierarchical advancement; assumptions on selection and training, and assumptions about organizational reward systems.

This manuscript investigates the position of four countries related to those assumptions; the countries include the U.S., Korea, Japan, and the People's Republic of China. We believe this manuscript helps to remedy the paucity of research that compares HRM practices and assumptions in cross-cultural settings.

COMPARATIVE HUMAN RESOURCE MANAGEMENT PRACTICES IN THE UNITED STATES,
JAPAN, KOREA, AND THE PEOPLE'S REPUBLIC OF CHINA

INTRODUCTION

It is not surprising that major sociological, demographic, and labor market factors have affected human resources in the 1980s. In the United States, for example, a growing work force with diversified interests prevails. In the late 1980s, there are more female, younger, older, and foreign-born interests represented in the work force. These interests affect labor market patterns (Bernhard, 1986; Leskin, 1986; Von Glinow, 1988). The United States, for example, faces a bimodal split with respect to education (U.S. Department of Labor, 1986). There are many highly educated specialists with considerable advanced training and education, as well as many highly undereducated workers populating the workplace. There are considerable pressures for productivity due to international competition, and far greater uses of technology both in the office and on the shop floor. There has also been a migration of jobs to the service sector (Bowen & Schneider, 1988), culminating in the labelling of the U.S. economy as a service economy.

In focusing the discussion on employment in general, and human resource management in particular, it should be noted that there are a variety of alternate forms of employment in the U.S. that have emerged in recent years, ranging from part-timers, to the use of retirees, job sharing, sunlighting, and rent-a-worker employment contracts. All of these diverse forms of employment differentially affect the human resource function, and suggest different implications for strategic human resource planning. Indeed, human resource (HR) planning practices have undergone dramatic transitions over the last decade, with greater

attention focused on the linkages between HR planning practices and organizational strategies (Tichy, Fombrun & Devanna, 1982; Dyer, 1984; Schuler, 1986; Ulrich, in press). There has also been increased attention to HR practices in general, as America searches for tools to gain a competitive advantage in world markets. Underlying this considerable attention to HR practices is a fundamental lack of research, however, that links strategic business practices with HR planning. Ulrich (in press) actually claims that the rhetoric underlying the discussion of strategic HR factors surpasses by far the actual research conducted in the area. He speculates that the reason for this lack of research is attributable to the fact that the discipline is relatively new, and that researchers are more fond of developing prescriptive frameworks than conducting descriptive research.

To this criticism, we add that little conscious attention is directed to the underlying assumptions that firms or managers within firms have about how a firm's human resources are best deployed. Exacerbating this is the lack of research on surfacing assumptions about HR practices across cultures. When we discuss cultures in this paper, we refer to national cultures; but, to some extent, it seems the same criticism could be directed at organizational cultures as well.

Despite the scant attention, the importance of surfacing assumptions that underlie actual HR practices seems relevant to a firm's strategic HR thinking. Leskin (1986) has developed to our knowledge the only comparative framework that seeks to determine the different assumptions held by line and human resource managers. He maintains that both types of managers have fundamentally different world views or assumptions about a firm's HR practices. In this paper, we extend the

assumptions from line-staff differences to differences in operating assumptions about HR practices in four separate cultures. We believe that these operating assumptions may be a useful vehicle for the discussion of descriptive practices in different countries, since they underlie the strategic HR practices that currently and generally prevail in the four cultures studied.

Thus, following Leskin (1986), we present a series of basic assumptions that HR managers in the U.S., and elsewhere, have about a firm's human assets and the context within which people perform. These assumptions include, but are not limited to, assumptions about people as specialists, the American notion of "making it" relative to hierarchical advancement, assumptions on selection and training, and finally, assumptions about organizational reward systems.

Considering the wide recognition and application of American HR practices and the comparative lack of information about HR practices and assumptions in many other countries, we thought it would be useful to begin to chart important differences in HR assumptions in several Pacific Rim countries with which we are familiar. We have chosen these countries for scrutiny since all current economic and trade-related factors point to the likelihood that these Pacific Rim countries will have significant economic clout in the 21st century. Thus, we undertook an investigation of HR practices and assumptions in Korea, Japan, the People's Republic of China, and, for general comparative purposes, the United States. It should be noted that a considerable amount of information is known about HR practices in the U.S. and Japan, as Japanese management has been studied and researched in depth recently (Davis, Kerr & Von Glinow, 1987). Very little is known, however, about

HR practices in Korea and the People's Republic of China, two countries expected to play a major role in the world economy in the years ahead. Thus, this paper is a first attempt to remedy the paucity of research that compares HR management practices and assumptions in these four countries. Table 1 displays the comparative HR practices for each country.

Insert Table 1 About Here

ASSUMPTIONS ABOUT PEOPLE AS "SPECIALISTS"

United States

Futurists predict that in the 1980s and beyond, there will be a greater emphasis on the information age, and on knowledge workers and specialists than ever before (Nanus, 1986; Von Glinow, 1988). This is due, in part, to the fact that our increasing technologically-driven organizations must have technologically-sophisticated individuals whose interests are represented. Not only are organizations undergoing increased diversification, but industry sectors are also becoming increasingly specialized. Given the emphasis on specialization, the HR function often has been changed to reinforce such specialization. Training and development programs encourage specialized technical training to avoid obsolescence. Rewards are differentially applied, with the most critical, specialized skills and abilities receiving the greatest rewards.

While it is true that in the United States highly specialized individuals will continue to be sought and esteemed with high salaries and perquisites the U.S. has not welcomed the age of the specialist without some ambivalence. On the one hand, specialists continue to fuel

our high technology industries and organizations; on the other hand, the successful management of specialists differs significantly from the management practices applied to more traditional "organization man" counterparts (Von Glinow, 1988). Organizational structures have been redesigned to provide dual and triple hierarchies to accommodate such specialists without removing them from their technical specialties (Schriesheim, Von Glinow, & Kerr, 1977; Von Glinow, 1988). Specialists who succeed within this context, and excel to the point where they are asked to run major firms in the U.S., must do so without overemphasizing or inhibiting the new and emerging specialized functions. It is quite common for specialists to rise to the top of the organization in the U.S., particularly within high technology industries. We believe specialization in the past will be succeeded by even greater attention to specialty areas in the future.

Korea

In Korea, as in Japan, Confucian influences prevail. Historically, specialists have not been valued in traditional Korean systems. Traditional Korean society, influenced by Confucianism, had four classes of workers, distinguished by lineage and birth. The highest class, the Yangban was designated for government service and official roles. Members of this class were trained to become governmental bureaucrats. They did not engage in any type of specialized work or physical labor, since the latter two categories represented "commoner" work (Kim, 1982). This Yangban class engaged in "gentlemen's" work, whereas all other classes developed specialized knowledge or skills, such as foreign languages, medicine, astronomy, music, farming, and the like (Kim, 1982). For many years, this class-oriented emphasis existed in Korea,

prizing generalists and relegating specialists to the role of the lesser classes.

Even today, whether one's job placement is in the private business sector or the government, Koreans are trained within universities to be more generalists than their American counterparts. As late as the 1970s, there were very few specialists who had risen beyond the upper middle levels in Korean firms. However, with increased global competition and "Westernization" of the workplace, high technology workers have recently gained a measure of influence. During the 1980s, many engineers have been hired by the major Korean chaebols or large conglomerates. For example, at Hyundai and Samsung, almost 70% of the managers are engineers. They play very active roles in developing new technologies and adapting foreign technologies (Park, 1986).

There are, however, still fewer jobs than workers in Korea. The 30 major Chaebols offered 12,000 jobs in 1986; government-owned companies, banks, and other medium-to-small companies offered approximately 48,000 jobs. In February, 1987, there were approximately 154,000 new university graduates. Estimates were that about one third of these graduates would enter graduate programs around the world or join the army. This left 100,000 new university graduates in need of jobs (Korea Times, Los Angeles, October 7, 1986). Most Korean firms seek inexperienced university graduates, as they prefer to train on-the-job. The resulting supply and demand imbalance discourages over-specialization, because with too much specialization, the potential incumbent will be unable to pass the employment test--a common industrial organizational practice that emphasizes a potential incumbent's general education in Korea. In sum, despite the fact that

Korean firms have hired many engineers in 1987, those engineers appear to lack the specialized and requisite knowledge from a Western point of view.

Japan

Japan is similar to Korea with an emphasis on generalists over specialists. One of the primary characteristics of Japanese management is that the functions of the organization lack real specialization. When one examines a traditional organization chart, it appears that specialized subunits exist. However, these units tend to be highly flexible. Indeed, most functions and jobs tend to be specialized by group, not individual contributions. In other words, if some group members within a specialized subunit are absent, their jobs can be performed equally well by other group members (Kim, 1986).

While specialists are highly valued, it is the generalist, however, who makes it into senior management. Specialization occurs most often in the Japanese use of space, gardens, and architectural designs (Maruyama, 1984). Since space is limited in Japan, the rooms of the home are frequently multi-purpose. The bed may be rolled up to make room for some other family function. In the U.S., where space is not overly limited, specialty rooms exist. In general, Japanese favor specialization selectively. The demands of some high technology industries clearly require specialized scientists and engineers, and these people are highly sought. Considerable corporate raiding occurs across a variety of sectors to get the best qualified specialists. Japanese universities are known to produce very competent specialists, as well as generalists. It is understood, however, that Japanese senior managers have had considerable rotation across a wide spectrum of job

responsibilities and have proved themselves as excellent general managers, capable of making decisions with the overall firm's position in mind--not solely as excellent specialists. Particularly with respect to Japanese performance appraisal systems, individual ability as a generalist is more important than possessing specialist skills and abilities, although the latter is critical in some industries. Appraisals focus on the ability of individuals to perform different jobs within their workgroups. Equally important is the individual's ability to cooperate with other people in their group (Kim, 1986). Carefully planned lateral job transfers help workers develop their abilities as generalists.

China

Historically, Chinese companies have been highly vertically integrated, and with the exception of technicians and engineers, most cadres and workers were not overly specialized. It has been noted (Lansbury, Ng & McKern, 1984) that "China has oscillated between centralized suffocation and decentralized anarchy." Warner (1986) noted more recently that Deng Xiaoping's newest reform policies have stressed the importance of managerial authority, technical training, and material incentives as a means of increasing productivity of the workforce through what is commonly referred to as the "Four Modernizations." The emphasis lately has been on responsibility, coordination of activities, and specialization, to attain production goals. This is best known as the "Fifth Modernization"--management modernization. After the acquisition of technology and foreign exchange, management modernization is at the crux of current economic debates on enterprise reforms (Von Glinow & Teagarden, 1988). Clearly,

the Chinese have emphasized the need for administration, and authority based on technical competence. Today, the Chinese enterprise's tools include training workers to improve their skills, reassignment, placing each person in the "right" job. Specialization of the cadres is slowly emerging as an important goal, particularly when it comes to Sino-foreign cooperative ventures (Von Glinow & Teagarden, 1988).

However, China is a country that espouses egalitarianism. Further, the excessively bureaucratic decision-making apparatus, whereby all decisions must go through multiple layers of approval, hampers the specialist from making timely key decisions. Change, whereby specialization of the workforce is becoming more acceptable, is occurring in a disjointedly incremental fashion.

THE AMERICAN NOTION OF "MAKING IT" THROUGH HIERARCHICAL ADVANCEMENT

United States

It has been widely noted that if one is not proceeding up some hierarchy in the U.S., then one is not judged as successful. It was widely felt, for example, that if engineers were not in "management" by the time they were 40 years of age, they were considered failures by all traditional criteria. Therefore, to be considered successful in the U.S., promotions were especially critical. In the U.S., as in other industrialized countries, the baby boom generation has come of age. There are far more workers who were born between 1946 and 1964 now at middle management ceilings than can be gainfully accommodated through traditional hierarchical advancement. However, hierarchical advancement is still the primary vehicle that most corporations utilize to signal organizational success. It has been forecast that one third to 50% fewer

promotions will occur between 1990 and 2000 (Bernhard, 1986), simply due to the fact that organizations cannot easily promote larger numbers in their down-sized condition of the late 1980s. Thus, while attitudes have not shifted, organizational practices have--suggesting some alternate means of rewarding productivity other than linear movement are critical in the years ahead. Driver (1981, 1988) has maintained that this country faces a linear career crisis that will persist for a number of years, because most companies fail to recognize nonlinear career concepts and provide alternative career routes.

Korea

According to recent research (Seoul National University publication, 1985), ability was the single largest factor influencing hierarchical advancement for Korean managers in both the large family-owned chaebols, as well as the medium and smaller firms. Seniority continues to be an important promotional criterion. Shin (1984) noted that there are approximately 12 levels in the Korean organizational hierarchy. It generally takes 3-5 years before a worker is promoted. These promotions occur automatically up to a certain level, when other factors emerge. Every February, most Korean chaebols evaluate their top managers in terms of their performance during the previous year. In the tightly held, family-owned chaebols, those individuals not in the family hierarchy have little hope of being promoted into corporate officerships, except through marriage. This is common practice in Korean firms, and while gradually changing, most organizational theorists acknowledge the role of the family in promotional activities (Shin, 1984). In Korea, it generally has been maintained that one of the most urgently needed organizational

improvements are separation of ownership and management. Most chaebols are owned by a relatively small number of families. Of the top 30 chaebols, Chung (1987) has asserted that the family controls these conglomerates with only 2.8% of total assets.

In addition to ability, seniority, and family connection, other factors such as the school or university, and territorial connection play a role in hierarchical advancement. Where a student received his or her training, including geographical region, can play an important role in the promotional decision-making process (Korea Times, 1986). Kim (1988) reported that 47.5% of the respondents in his survey claimed that they could be "ill treated" by their companies due simply to geographical birth place (reported in Shin Shin Dong-Ah, March, 1988). Factors that facilitate change in the hierarchical advancement process include rapid chaebol growth and demands for more professional managers and technologically-sophisticated employees. Recently, seven of the major chaebols promoted 800 engineers into top management, and this trend is expected to continue (Lee, 1987).

Japan

Like the U.S., Japan is faced with a bulging demographic phenomenon at the mid-levels of management. Like Korea, promotion has historically been based on a combination of seniority and merit. In Japan, one's educational background plays an extremely important role, but generally, promotion is quite slow through the ranks (Wehrich, 1984; Davis, Kerr, & Von Glinow, 1987). Japanese have valued their seniority-based promotional systems, with an emphasis on job rotation and lateral job transfers adding substantial flexibility to job assignments (Hatvany & Pucik, 1981; 1983). Nevertheless, the younger generation of Japanese,

who have not availed themselves of the lifetime employment contract, find the lack of upward mobility frustrating and overly discouraging (Von Glinow & Sengoku, 1987; Sengoku, 1985). Employee withdrawal indicators, such as absences, lateness, and turnover, have all increased substantially in recent years in Japan. Thus, "making it" in Japan still includes seniority and waiting one's turn. This seniority-based promotional system is not peculiar only to Japanese organizations. Most countries have some degree of seniority-based systems. However, the young people have recently begun to lobby for alternative means of advancement, arguing that seniority-based systems ignore talent from the young. Abegglen and Stalk (1985) have argued that this means that greater job- and output-based systems must supplant seniority.

For female workers until 1986, hierarchical advancement was rare. However, in 1986, Japan enacted its first EEO law, and while it remains to be determined whether this will have major impacts on promotional schemes, this does represent a significant change in the official Japanese view of women and employment practices.

China

Recently, the criteria for promotion have changed in China (Deng, 1985). There is an increasingly greater emphasis on managerial and vocational professionalism. The major promotional criteria include age, ideology, knowledge, professional skill, and education. Laaksonen (1984) has noted the relationship between personnel decisions in the Chinese enterprise designed to control ideological resources and the amount of power held by the enterprise. There are greater uses of standardized examinations to judge whether individuals should be promoted. Historically, it was the government that decided who should

be advanced and at what rate. It is now argued that organizational effectiveness should be considered. So as to make way for younger talents, national policy has been enacted to not promote to certain grades those workers above a certain age. Ideological factors are important, but party membership is not required for younger workers. It should be noted that Chinese promotional practices are ideologically at odds with Western promotional schemes. In some cases, Chinese workers have considerable say over the selection and retention of their superiors, adhering to the slogan that the "workers control the enterprise." Nevertheless, knowledge seems to be at the base of the modernizations, which increasingly has come to mean a university degree and some practical managerial experience. Promotions are by no means "entitlements" as they have come to mean in some Western countries. Hierarchical advancement in China is still predicated on political factors, age, ideology, knowledge, and education.

ASSUMPTIONS ABOUT SELECTION AND TRAINING

United States

Organizational selection in the U.S. is often a function of standardized examination scores, and, to some extent, from which university/geographical region the incumbent has come. Selection techniques abound, and these include a variety of different interviews, standardized tests, assessment centers, and other methods designed to select the right person for the right job. Despite the enormous emphasis upon validation studies of these selection techniques, it is generally agreed that corporate America does a relatively poor job in selecting employees (Kerr, 1975; Webster, 1964).

With respect to training and development, HR specialists in the U.S. believe that "we win the war based on development. If the person isn't performing well, he or she hasn't been developed enough by higher management" (Leskin, 1986, p. 23). HR managers in this country believe that training and development is logically tied to bottom-line performance, and thus strategically affects the firm. Thus training is judged to be a critical component that ultimately affects the performance of the firm. Kerr (1975) questioned the effectiveness of many of these training programs. This lack of demonstrated effectiveness, however, has hardly dampened America's love affair with training programs. The growth of the corporate college and the shifting of management education away from university-based settings has been significant in recent years (Von Glinow, 1988). It has been estimated that four-fifths of all expenditures on educational training are made by U.S. corporations. Thus, educational, technical and managerial training has become the mainstay of corporate America.

The paths to organizational development clearly vary by organization and by level. Most HR specialists in the U.S., however, believe that people are flexible and that they can be developed through appropriate training to release their human potential. This training can vary widely from human relations training to technical training to avoid obsolescence. Training, in many cases, is also seen by the employee as a valued reward.

Korea

According to recent research (Seoul National University publication, 1985), 86.1% of the largest Korean chaebols selected new workers exclusively from employment tests. However, 46.9% of medium and

smaller companies still use personal connections to locate and hire new workers. Large chaebols will advertise openings in the newspapers. The employment tests generally consist of a written examination, where English skills common sense and the incumbent's general knowledge base are tested. Interviews play different roles--some chaebols (Sunkyung) do not have written tests and rely exclusively on interviews and recommendations. Training is generally required to improve workers' general abilities. On-job-training is the most important means of training in Korea, for large chaebols as well as small and medium-sized firms. The larger firms then rely on in-house training, where outside lecturers and specialists are brought in to educate the workers. Most Korean companies lack training specialists and training facilities (Seoul National University, 1985). Small and medium sized firms vary in their training methods, with short-term attitude and spirit training receiving some emphasis. Korea has an abundance of human resources, as discussed earlier, however the quality of those resources has been recently questioned. This is one reason why so many large chaebols are attempting to upgrade their training programs and facilities. Recently, training has become more popular for these chaebols. Hyundai, for example, recently built a large training complex which accomodates 960 trainees at a time. However, it is Samsung that has the most sophisticated training programs. All new workers here are trained in in-house training facilities for twenty days, after selection but prior to job assignment. Samsung also has other specialized training programs such as training in foreign languages, computer skills, and sales techniques. Thus, the trend is for Korean firms to develop more

specialized training programs to successfully compete in foreign markets.

Enhancing "can-do" spirit programs are increasingly popular, and the Koreans have simulated the Japanese in their emphasis on hell training programs. These programs are modelled after the military model and are receiving much more frequent application recently. The utility of these hell training programs is questionable however, and many firms rely on the military version of hell training (Ju Gan Mae Kyung, 1986).

Japan

In Japan, most people are hired directly from the universities, with the most prestigious universities directing their students to the most prestigious organizations and sogo shosha. To graduate from the "right" universities, the students must first have come from the "right" high schools. This Japanese selection factor alone appears to outweigh all the selection tests that the U.S. HR professional relies upon so heavily. It should be stated that most Japanese organizations prefer unspecialized graduates (Wehrich, 1984; Maruyama, 1984; Hatvany & Pucik, 1981). Close attention is paid to both the hiring and the integration of employees in the workforce. Basic criteria for selection additionally include "moderate views and harmonious personality" (Hatvany & Pucik, 1981). Because lifetime employment still exists in approximately thirty percent of all Japanese firms, these firms must be cautious and careful in their selection process. Potential job incumbents may go through seven increasingly intensive interviews for some of the more prestigious firms, such as Mitsubishi. Recruiting errors may not be easily corrected, thus the costs will be carried over a long period of time (Abegglen & Stalk, 1985).

The careful selection process helps match individuals and firms in Japan, and ensures a relatively closely coordinated workforce (Hatvany & Pucik, 1981).

After World War II, Japan imported many American training practices. However, many of these practices did not mesh well with the Japanese culture. Thus, the Japanese developed their own training systems. In general, there are four major characteristics associated with Japanese training systems: (1) the training system emphasizes cohesive workgroup activities; (2) it stresses education of general skills; (3) it is a continuous business; and (4) training is for all workers in the organization (Kim, 1986). Thus, once an individual is hired, the Japanese engage in extensive training and development. These Japanese firms consider training and development to be a long term investment, and training programs range widely from "hell training" programs designed for both under- and over-achievers, to sophisticated management, technical and HR training. Job rotation is extremely important within the Japanese perspective. Poor performers are either retrained or transferred. Some job assignments have considerable prestige associated with them, and employees learn formal and informal rules through these rotational assignments. The net result of so many rotations, transfers, interdepartmental transfers and training programs, is that most employees become generalists over their lifetimes (Hatvany & Pucik, 1983).

China

Selection of employees by Chinese enterprises has historically been nonexistent. Workers were generally assigned to enterprises, based upon vacancy and need. It is uncommon for a Chinese enterprise to select

workers based on need, although with the enactment of the 1979 Joint Venture Law, it is more likely that joint ventures may select certain employees, and reject others. Shanghai-Foxboro, Ltd. was assigned three engineers at a time when these individuals were unnecessary to the joint venture performance. When the officials of Shanghai-Foxboro rejected those engineers, they were subsequently assigned elsewhere (Bhambri, Schnepf & Von Glinow, 1987). Thus, there are precedents established that suggest a more market-driven selection process is underway in China. Industrial training, unlike behavioral training, is now given considerable priority in Chinese enterprise management (c.f. Lockett & Littler, 1983; Helburn & Schearer, 1984), though the proportion of such training varies from enterprise to enterprise. Key here is whether the enterprise is involved in some type of joint venture, or licensing agreement with a foreign partner which requires training as part of the agreement. Warner (1986) discovered that approximately 2 % of the budget of the enterprise is devoted to training activities. The decision as to who gets trained is a political decision, with higher-ups typically making those decisions. There are generally several types of training offered in China, including remedial general education, general technical education, and economic management training (specializing in accounting, planning, control, etc.). At the national level, the Chinese Enterprise Management Association coordinates training activities. Apprenticeships also exist. Employment contracts are highly experimental. When in existence however, they open the historically-closed system of recruitment, and selection of employees in China. Training outside of China is seen as particularly prestigious. Once trained, the individual returns and is asked to train others, as in

train-the-trainer programs, or is shifted into a managerial role elsewhere, so that some enterprise may benefit from the technical know-how the trainee now possesses.

ASSUMPTIONS ABOUT REWARD SYSTEMS

United States

In the U.S., there is an assumption that the firm obtains the type of behavior from its employees that it rewards (Kerr, 1975). If it fails to reward performance, it is likely not to see the desired performance. System planners that have HR training indicate that an organization's "climate," supportive supervision, employee participation, and self-development opportunities are most important in influencing and attaining the desired performance (Leskin, 1986). In most U.S. firms, rewards and incentives vary between line and staff positions, between professionals and non-professionals, and between senior management and others. Rewards can be categorized along five dimensions (Von Glinow, 1988): (1) their financial aspects, (2) their social status aspects, (3) their job content aspects, (4) their career aspects and (5) their professional aspects. Each of these are differentially salient for different organizational employees. Recently however, some organizational rewards (principally benefits) have taken on the status of entitlement, whereby U.S. employees claim they are entitled to certain rewards (i.e., vacation days, insurance, medical plans and other benefits). Approximately \$.40 of every dollar earned is allocated to employee benefits, however, these benefits tend to be less visible than other financial or social status rewards. This entitlement claim is not particularly relevant in Japan, Korea or China.

Korea

In Korea, financial compensation such as wages and bonuses predominate for both the large and the smaller firms. Seoul National University researchers also noted (1985) that "human relationships with upper and lower-level workers is the next important factor." These human relationships are equivalent to highly cohesive group factors that are labelled by Korean analysts as most rewarding--more so than promotion, the work itself and other work conditions. For employees in small and medium-sized firms, the welfare, or benefit system represents a powerful motivator. In calculating financial rewards, large chaebols rely on years of employment, career experience and educational level; smaller firms use seniority, and career experience to determine wage rates. As in other countries, college graduates receive more money than high school graduates. The most important factor in determining wage level is still the seniority system. This practice, although decidedly paternalistic, has historically been justified since the cost of living increases as workers age (as reported in The Economist, 1987). Within the same educational level, science and engineering specialists receive greater financial compensation than do social science specialists. High school graduates' wage level is generally less than 70% of the wage level of university graduates. Female workers receive 76% of male wages (Ju Gan Mae Kyung, 1987). The benefit system in Korea is not as well developed as it is in the U.S. Shin (1984) claimed that most Korean companies are primarily concerned about reducing workers' dissatisfaction rather than worrying about the benefit system. The most important elements of the Korean firm's benefit system include retirement allowances and lunch expenses, as well as direct monetary

support. There has been a dramatic increase in Korean workers' standard of living from 1961 when the Korean per capita income was \$82 (U.S.), to 1986, where per capita income had increased to \$2,200. Between 1981 and 1985, labor productivity increased by 12.8% annually; however, the wage rate increased by only 6.4% annually (Korea Times, 1987). This was the major reason attributed to the increase in labor strikes that year. Also in 1987, the trade surplus that Korea recorded was \$9.7 billion, suggesting the need for equitable distribution of a firm's income.

Japan

Japanese reward systems are frequently a function of seniority, level, group level performance, and long-term emphasis. Japanese firms make much less use of so-called entitlements, as a method of rewarding employees. In general, some notable differences between the Japanese style and the U.S. style include smaller pensions when Japanese workers retire. Japanese companies have two distinctly different workforces: the regular workforce, and the temporary workforce. Women are generally included in the temporary category. The regular workforce employees receive proportionately higher pay, more interesting jobs and are eligible for fringe benefits, whereas temporary workers receive considerably fewer rewards. Only a minority of the workforce in Japan enjoys the so-called lifetime employment (22-30%) (Ellenberger, 1982). One of the most important features of the Japanese reward system is the use of bonus payments. Approximately one-third of total annual compensation is included in the bonus plan (Abegglen & Stalk, 1985).

The Japanese employ complex performance appraisal systems, where potential, an individual's personality and their behavior represent the key criteria, rather than short-term output. Since the Japanese

promote employees on a fairly fixed rate, annual pay increases relative to seniority. Seniority-based reward systems are typical of most Japanese firms. Rewards appear to be discussed much less regularly in Japan than they are in the U.S.

China

Equality has, in post 1949 China, been the predominant policy in China. Recently, however, with the enterprise reform movements, this egalitarian posture is slowly giving way to "duo lao, duo de" or "more work, more pay." Mao believed in the slogan "Red vs. Expert", where all challenges could be overcome by political will. Deng believed in expertise. The key is in training, which is in itself a reward. Training has become tantamount to having power. Nowadays, the emphasis on "rule enforcement" and material incentives has grown. Cash bonuses and other material incentives are possible, however there is no equation for distribution to "all contributing groups"(e.g., the work group, the department, the enterprise, the bureaux, the Ministries, etc.). Egalitarianism still seems to prevail, especially in the remuneration system, where it is assumed that higher wages in one enterprise, or for one person would set disruptive precedents for workers in other state enterprises. Although the "iron rice bowl" philosophy has supposedly ceased, state enterprises give their employees many more benefits than in any other country discussed. Workers are provided with meals, housing, hospitalization, schooling for their children, while simultaneously running other important functions. Wage rates are considerably lower than elsewhere, with accurate figures very difficult to obtain, particularly in view of the Chinese subsidies for housing and the other benefits. In all, it is safe to conclude that rewards in

China vary significantly from other countries where wage and benefit structures have become so highly elaborated.

CONCLUSION

In conclusion, the HR assumptions underlying organizational behavior in the U.S., Korea, Japan and China have some commonalities and many differences. These assumptions translate into tangible practices that vary according to each country culture. Our intent was not to evaluate these differences, but merely to note with some concern that different HR methods and models exist that are not commonly shared by the four countries discussed. Assumptions about people as specialists, hierarchical advancement as a indicator of success, selection and training, and reward systems all prove to have different meanings and practices in each country. While there are other HR assumptions that govern day-to-day organizational life, we believe that these are among the most important. Considering the differences outlined above in HR assumptions and practices, future research might consider how these different HR assumptions dictate different organizational practices.

In the U.S., discussions among HR professionals frequently focus on the integrated aspects of HR systems--the capability of tracing essential information flows throughout the organization. An integrated HR system in the U.S. refers to one in which all HR activities are interdependent and connected, each of which in turn informs both design aspects and implementation of particular activities. In other words, both individual parts and organizational parts are actively involved with one another (Von Glinow, Driver, Brousseau & Prince, 1983).

To a greater or lesser extent, the HR practices of the four countries discussed displays some form of integration of individual and

organizational parts. Both the U.S. and Japan have highly elaborated HRM systems, which have the potential to become integrated across all sub-systems and activities. Korean HR management is in the early stages of developing connectedness between organizational and individual parts. The P.R.C. has yet to articulate the need for integrating individual and enterprise activities. All integrated connections have thus far occurred between the enterprise and the country's social and economic goals. Thus, each country's practices appear to be more a direct function of key assumptions that guide thinking about a firm's human assets, rather than an explicit attempt at integrating HR with other business practices in an interdependent system.

We believe that greater attention to the underlying HR assumptions will help structure subsequent future research efforts attempting to compare different country practices. We further believe that integrated HR thinking will lead to greater individual and organizational productivity. The extent to which this is true in all four countries is an empirical question. The result of such research inquiry will additionally inform practice, since HR diagnosis can be useful to strategically track individual and organizational change over time. This type of diagnosis may also allow practitioners to design HR systems that are uniquely appropriate to their country culture and setting, and maximally sensitive to internal and external demands.

In conclusion, we believe this to be an area worthy of future research. Understanding is a first step in the explanation-prediction-control linkage judged central to the study of individual and organizational behavior.

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