

## **Convergence-Divergence of HRM in the Asia-Pacific: Context-specific Analysis and Future Research Agenda**

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### **Paper Revised for**

### **Special Issue of:**

***Human Resource Management Review***

“Divergence, Convergence, or Crossvergence in International HRM”

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**Acknowledgement:** An earlier version of this paper was presented at the Paris Colloquium on ‘HRM in Asia-Pacific’ in 2014. The authors thank the conference participants for their useful suggestions, which helped to improve this paper.

## **Convergence-Divergence of HRM in Asia-Pacific: Context-specific Analysis and Future Research Agenda**

### **Abstract**

In this article, we highlight the significance and need for conducting context-specific HRM research, by focusing on four critical themes. First, we discuss the need to analyze the convergence-divergence debate on HRM in Asia-Pacific. Next, we present an integrated framework which would be very useful for conducting cross-national HRM research designed to focus on the key determinants of the dominant national HRM systems in the region. Following this, we discuss the critical challenges facing the HRM function in Asia-Pacific. Finally, we present an agenda for future research by presenting a series of research themes.

**Key Words:** HRM, Asia-Pacific, Convergence-divergence, HRM challenges, Future research

### **Introduction**

**Why examine HRM in the Asia-Pacific context?**

For the last couple of decades or so, a combination of economic and geo-political factors have caused the world's attention to be focused on a number of emerging and developed economies in south and south-east Asia-Pacific, including Japan, South Korea, China, Hong Kong, Taiwan, Singapore, Malaysia, Thailand, Vietnam and India. Indeed, these economies have successfully attracted global trade, as well as exerted economic dominance. Several key factors have led to the growing clout of these economies on the world economic scene. These include, (i) their ever increasing contributions towards the global economic growth (e.g., ADB - Asia-Pacific Development Bank, 2015), (ii) the growing number of significant emerging markets from the region (The Economist, 2011), (iii) the region becoming the most important destination for global foreign direct investment (UNCTAD, 2012), (iv) the rapid growth of multinational corporations from emerging markets in the region (e.g., Chattopadhyay et al., 2012), (v) a strong resilience of the region against the last global economic crisis, (vi) the rapidly growing centers of excellence in business and management education and research in the region (e.g., Hong Kong, Singapore and rapidly emerging management institutions in India and China), and (vii) the continuous strengthening and recognition of the regional economic and trading blocs (such as ASEAN, APEC, SAARC). In addition, it is critical to note that this region is home to around 60% of the world population (for further discussion, see Horwitz & Budhwar, 2015).

The above-mentioned developments have led to a renewed interest among management scholars in conducting research on issues directly relevant to the region. Relatedly, there has been a rapid increase in the number of publications dedicated to addressing issues directly affecting south and southeast Asia-Pacific (see, e.g., Benson & Zhu, 2011; Budhwar & Varma, 2014; the 'Working in Asia-Pacific Series' by Routledge; Zhang, 2012). Furthermore, several leading journals have published special issues dedicated to the region (see e.g., Warner, 2002; 2002; Ahlstron & Bruton, 2004; De Cieri et al., 2005; Jain et al., 2012), and a number of new

journals (e.g., *Asia-Pacific Pacific Business Review*, *Asia-Pacific Pacific Journal of Management*, *Management and Organization Review*, *Asia-Pacific Business and Management* and *Asia-Pacific Pacific Journal of Human Resources*) and learning societies (e.g., the Asia-Pacific Academy of Management) have emerged, confirming the tremendous interest in studying issues related to the region. Indeed, a review of the relevant literature shows a clear link between the economic development of specific countries in the region and the increasing number of research publications related to the same.

Clearly, the above developments also apply to the field of human resource management (HRM) in the region. However, given that HRM is still in its infancy in the region, there is a scarcity of robust literature that can shed critical light on, and provide a comprehensive overview, of the core aspects of HRM in the region. This is rather ironic as, with the continued growth and evolution of the HRM function in the region, a number of fundamental questions need to be addressed. First, it is critical that we better understand the nature of the HRM function in the region. In other words, we need to understand if the HRM being practiced in the region has been developed locally, or at least adapted to the local context, versus simply borrowed from the West and implemented locally. The next critical question relates to the degree to which the current version(s) of HRM are able to help organizations improve their operational and financial performance and achieve competitive advantage (see, e.g., Varma, et al., 1999), since it is this role of HRM that helps it to be viewed as a strategic partner, as opposed to a purely administrative function (Ulrich, 2013).

The next set of questions relate to the factors that determine HRM policies and practices in the region, and the degree to which these factors are similar/different across nations in the region. Finally, another important issue to investigate would be the challenges faced by HRM, and the degree to which these challenges are similar/different between countries in the region as

well as other parts of the world -- in particular, the west, since most HRM systems are based on, or derived from, systems developed in the west.

The present paper was thus designed to address the above issues, with two primary foci – first, we address the convergence-divergence thesis by emphasizing the context-specific analysis of HRM in the region, which is done by examining the main determinants of HRM in the region via an integrative framework for cross-national HRM. Next, we highlight the main challenges faced by the HRM function in the region and identify themes for future research, which should help with the development of future theory and practice in the region. The proposed framework should also prove useful in identifying the key determinants of HRM that are leading to the convergence and/or divergence of HRM in the region (this point is further elaborated below).

We would like to point out that our analyses in the present paper are based on secondary information. The literature on the core themes for the analysis was searched from a variety of datasets such as Proquest, ESBCO, and books and from the webpages of relevant journals. The themes searched, included (i) the economic development of the region, (ii) the history and current status of HRM in the region, (iii) context-specific HRM, (iv) convergence-divergence debate/thesis, (v) the challenges faced by HRM in key economies in South and South-east Asia-Pacific, (vi) the future of HRM in Asia-Pacific, and (vii) frameworks for conducting cross-national HRM research.

### **The convergence-divergence debate**

Beginning in the 1950s, and continuing through the 1960s, several scholars made a strong case for the convergence thesis based on similarity of organization, technology, operations and planning across nations and cultures (see, e.g., Harbison & Meyers, 1959; Galbraith, 1967; Kerr 1983). This was followed by a number of cross-cultural theorists and others arguing that the

strong differences in cultural norms and values made convergence at all levels highly unlikely (see, e.g., Hofstede, 1991; 1993; Ralston et al., 1997, House et al., 2002).

The convergence-divergence debate was extended to the field of HRM by several leading scholars (see, e.g., Brewster, 2004; Budhwar et al., 2009; Dowling et al., 2013; Tregaskis & Brewster, 2006; Brewster & Mayrhofer, 2012; Brewster et al., 2015; Sparrow & Budhwar, 1997; Sparrow & Hiltrop, 1997; Sparrow et al., 1999). These and other scholars of comparative international HRM initiated work on the convergence-divergence theses to help us better understand the dynamics of international HRM (see, also, von Glinow et al., 2002); Mcgaughey and De Cieri, 1999; Katz and Darbshire, 2000; Rowley and Benson, 2000; 2002; Liu et al., 2004; Pudelko et al., 2006; Witt, 2008; Paik et al., 2011).

In order to study these complex issues, we need to have a clear understanding of what we mean by the terms convergence, divergence and crossvergence, and how these topics can be best examined, especially for an under-researched and extremely diverse regional context. To this end, Guo (2015) recently offered a detailed explanation of the theses of cultural convergence, divergence and crossvergence. According to the author, the convergence thesis focuses on the creation of similarity in the thinking, values, attitudes and behaviors of individuals due to the emergence of a common belief system/logic. On the other hand, the divergence thesis suggests that due to a variety of factors, individuals from a nation/society will retain their specific preferences, thinking, mindsets, values, attitudes, and behaviors over time (see also Katz & Darbshire, 2000; Brewster et al., 2015). Finally, the crossvergence thesis proposes that due to the dynamic and increasing interface of global socio-cultural influences and business philosophies and ideologies, a unique value system continues to emerge in the global society (also see Ralston, 2008). In Table 1, we present a summary of the main forces contributing towards convergence-divergence.

### **Insert Table 1 about here**

Linking the convergence-divergence debate to the field of HRM, Brewster et al. (2015) recently offered a clear explanation of the similarities (based on single time analysis) versus convergence (which means coming together over a period of time), directional convergence (where units of analysis share the same trends) and final convergence (implying a decrease in differences between units of analysis). For purposes of this paper, we revisit these phenomena to highlight the converging and diverging trends in HRM in the Asia-Pacific region. Addressing the convergence-divergence debate in the Asia-Pacific context will help us understand if the HRM systems and practices in these countries are becoming similar as they experience economic growth and development and with the continued evolution of the HRM function. Further, this analysis can also help clarify if HRM in these economies is becoming more like HRM in the developed countries, and whether this is resulting in the emergence of ‘best practices’. If indeed the HRM systems of the countries in this region are beginning to resemble those of the developed economies in the west, it would behoove scholars to investigate the factors leading to this convergence. In the case of multinational companies (MNCs) operating in the region, there is documented evidence of the existence of the ‘best practice’ model (e.g., Bjorkman & Lervik, 2007; Budhwar, 2012). However, given the heterogeneity of the economies in this region, there is a strong possibility that the HRM models practiced in the various nations are quite different, with each country identifying and using what works ‘best’ for them. In this case as well, it is critical to understand the factors contributing to the development of such distinct approach(es) to HRM in the Asia-Pacific economies.

## **Context of international and Asia-Pacific HRM**

Given the global dominance of Western management thought, the vast majority of the research publications initially emerging from Asia-Pacific were based on Western management constructs and theories (e.g., Hofstede, 1993; Meyer, 2006). However, given the unique socio-cultural, institutional, political-legal and business context(s) of economies in the Asia-Pacific region, research based on Western approaches is increasingly proving to be less suitable in understanding and explaining the key characteristics of the dominant management approaches in general, and HRM systems in particular (e.g., Leung, 2012). Clearly, there is a great need to conduct context-specific research, which can help both scholars and practitioners better understand the unique characteristics and philosophies that guide practices in the Asia-Pacific-Pacific region.

Indeed, it is well established that research in contextual isolation is not only misleading, but can also severely hinder the understanding of core aspects of the research phenomenon in any significant way (Schuler et al., 2002: 41). As a result, several scholars have called for context-specific HRM research with context-relevant constructs (see, e.g., Budhwar & Sparrow, 2002; Schuler et al., 2002; Morley, 2004; Deadrick & Stone, 2009; Klien & Delery, 2012). In response to these calls, several scholars have initiated a move to highlight indigenous management constructs and models that are seemingly more valid and appropriate for specific geographical contexts (see Stone-Romero, 2008; Tung & Aycan, 2008; Cappelli et al., 2010; Klien & Delery, 2012).

While these scholars need to be applauded for their efforts, it should be noted that such work in the Asia-Pacific context is still in its infancy (e.g., Zhu et al., 2007; Yeung et al., 2008; Special Issue of MOR – Leung, 2012; Khatri et al., 2012). Furthermore, there is a continued scarcity of research focusing on the nature of dominant HRM system(s), the forces determining



these systems, the challenges faced by the HRM function, and the future of HRM in the Asia-Pacific region (see Budhwar & Varma, 2014).

This is indeed ironic, since it is well-established that research along such themes is very useful in highlighting the context-specific nature of the HRM function, and also contributes to the development of relevant policies and practices and theories of HRM (Warner, 2000; Rowley & Benson, 2004; Budhwar & Debrah, 2009; Rowley & Poon, 2010). In this connection, Meyer (2006) has asserted that, in view of the challenges facing businesses, Asia-Pacific researchers should focus on context-specific issues. He further adds that such research should be capable of making major contributions -- for instance, by explaining the context-specific variables and effects, and by drawing on traditional Asia-Pacific thoughts in developing new theories. To this end, some well-known scholars have provided useful overviews of employment relationships, industrial relations and key developments in the field of HRM in several countries in the Asia-Pacific region (see Table 2 for examples of such works).

**Insert Table 2 about here**

These overviews provide critical evidence along several key HRM themes, including (i) the dynamics of Asia-Pacific labour markets, (ii) the multi-dimensional constructs of industrial and labour relations, (iii) several country-specific HRM studies, (iv) research into the dominance of Anglo-Saxon models, (v) the convergence-divergence debate, (vi) factors affecting employment relations, (vii) HRM in key specific sectors, such as business process outsourcing - BPO, (viii) knowledge based economies), (ix) the HRM-performance intersection, and (x) diversity management, with emphasis on the role of women in management.

Undoubtedly, this is a fairly comprehensive coverage of the key issues facing HRM in the Asia-Pacific region. However, given both the rapid economic developments in the region and the

changing nature and developments in the field of HRM, there exists considerable scope for crucial HRM research with more robust methodologies (e.g., involving multi-level analyses, multi-source data, multi-method designs, and context-relevant constructs and advanced levels of analyses), all of which can help interpret and explain the intricacies of indigenous and context specific HRM systems. This is all the more crucial, given the heterogeneous nature of the nations in the region, which possess vastly different economic, socio-cultural, political and institutional practices (see, e.g., Rowley & Harry, 2011; Rowley & Warner, 2011; Benson & Zhu, 2011; Varma & Budhwar, 2014). Furthermore, there is also clear scope and need for comparative analyses within the region. We believe that something along the lines of Cranet survey would be timely and appropriate. For those not familiar, the Cranet survey helped to provide a good overview of HRM policies and practices in a number of European nations (see Parry et al., 2011 for details about the Cranet project). Indeed, the Cranet survey results have helped to address the convergence-divergence debate in the European context (see e.g., Morley, 2004; Brewster & Mayrhofer, 2012). Based on our analysis, we are convinced that a similar research instrument could be employed in the Asia-Pacific region to help scholars and practitioners better understand the underlying dynamics of HRM systems in the region.

Indeed, research conducted to identify the main factors influencing national patterns of HRM should prove immensely useful to both researchers and policy makers, as such investigations will help shed light on context-specific determinants (e.g., the role of national unions and labor legislation). Furthermore, such research could also help clarify whether HRM systems of one country can be effective in another country, or whether the conditions are so different as to make HRM systems of one country irrelevant in another. In other words, there is a somewhat urgent need to conduct context-specific HRM research within the Asia-Pacific region. Of course, this raises the key question – how should researchers go about conducting

such research, and what kinds of framework(s) could be adopted for this purpose. We address these questions in the following section.

### **A Framework for Cross-national Context-specific HRM Analysis**

Over the years, several scholars in the fields of comparative management, organization studies, organizational behavior, and HRM have put forth a number of frameworks for conducting cross-national comparative (HRM) research. While a detailed review of the same is beyond the scope of this paper, we present below a summary of their core emphases. In this connection, some of the earliest frameworks were based on the ‘environmental approach’ proposed by Farmer and Richman (1965), which was the basis for Murray et al.’s (1976) cross-cultural comparative management research framework. Similarly, some scholars (e.g., Nath, 1988) have utilized the ‘behavioral approach’ to develop their frameworks, operationalized via the attitude and values scales. In this case, the focus has been on managerial effectiveness via cultural variables, behavioral patterns, and management philosophies. Yet others (e.g., Negandhi, 1975) have adopted the ‘open systems approach’ to develop their frameworks, wherein the focus has been on the ‘environmental forces’ (i.e., organizational, task and societal) and their impact on the functioning of organizations. It should be noted that these frameworks present a broad list of factors and variables (though not an exhaustive list), which form the basis of cross-national comparisons.

Similarly, within the field of HRM and international HRM (IHRM) also, a number of frameworks have been proposed. For example, Schuler et al. (1993) developed an integrated contingency framework to examine strategic HRM (SHRM) in MNCs. In order to conduct such an examination, they identified two sets of exogenous (e.g., industry demographics and country characteristics) and endogenous factors (such as structure of MNCs’ international operations),

which determine the strategic emphasis of the HR function. On the other hand, Welch (1994) proposed a contingency framework for determining IHRM approaches and activities relevant for expatriate management. Her framework is based on three types of variables, i.e., contextual (e.g., cultural distance between host and parent country nationals), firm-specific (e.g., type of industry), and situational variables (e.g., availability of relevant staff). Along the same lines, Jackson and Schuler (1995) proposed an integrative framework to examine 'context-specific' HRM, which emphasizes the need to understand the impact of both internal and external contextual factors on HRM. Indeed, similar proposals have been made in some of the initial models of HRM. For example, the Matching models (see Fombrun et al., 1984) and the Contextual models (see Hendry & Pettigrew, 1992) both emphasize the impact of both internal and external environmental factors and variables on HRM. Based on a critical analysis of the existing frameworks and models in the field, Budhwar and Sparrow (2002) proposed a framework for examining cross-national HRM. They identified three levels of determinants of HRM policies and practices. These include (i) the national level factors, (ii) contingent variables, and (iii) organizational level strategies and policies related to primary HR functions and internal labor markets (ILMs).

In developing our framework, we have drawn upon the models and frameworks noted above, as well as other contributions and current trends in HRM, and supplemented these with our own ideas. While developing our framework, we also addressed the calls to examine HRM at multi levels (see Paauwe & Boslie, 2002; Hackman, 2003; Stone-Romero, 2008; Takeuchi et al., 2009; Cooke, 2009; 2014) in order to conduct robust and context-specific research (also see Lazarova et al., 2014). Accordingly, we offer a framework that is comprehensive, integrates various levels of factors and variables, which are established determinants of HRM in the Asia-Pacific, context and can help address the convergence-divergence debate by allowing the

investigation of the underlying context-specific and logical underpinnings of HRM in a given national context. Furthermore, our proposed framework builds on the existing frameworks noted above (and, in particular, the one proposed by Budhwar & Sparrow, 2002) by adding a number of new factors and variables at all levels (for details see Figure 1 and Table 3) relevant for determining HRM policies and practices in the present day organizations. These include, (i) forces of globalization, (ii) national business systems, (iii) societal effects and (iv) historical assessment and developments in HRM under Macro level).

### **Insert Figure 1 Here**

Figure 1 presents our integrative framework for cross-national comparative HRM analysis. It proposes three levels of analysis and accordingly three levels of determinants of HRM – macro, meso and micro. The *macro* level determinants of HRM include global society, national, and international level factors such as national business systems (e.g., Whitley, 1992), societal effects (Smith & Meiksins, 1995), national culture (e.g., Hofstede, 1991), critical institutions (local, national and international institutions such as legislation, dispute resolution systems, professional bodies, trading blocs such as ASEAN), political ideology and attitude of state, established socio-cultural traditions, dominant ILMs, key risk factors, such as currency fluctuation and physical danger to life and premises, mass migration, historical assessment and developments in the HR function (e.g., Early & Singh, 1995; Sparrow & Hiltrop, 1997; Scott, 2008; Cooke, 2009; Deresky, 2013; Budhwar & Varma, 2014) and global competitive business environment (Dowling et al., 2013). The *meso* level determinants include industry level factors and variables, including different stakeholders such as sector-specific unions, legislations, technological advancements, sector-specific standards, strategic alliances, HR competence, status

of HR, availability of skills, bench marking of specific practices such as compensation, and challenges for the HR function (see Benson & Zhu, 2011; Lazarova et al., 2014; Cooke et al., 2014; Sidani & Al Ariss, 2014). Finally, at the *micro* level, we have included organizational/strategy/individual level variables, which are known to influence HRM policies and practices, such as size, age, nature, ownership of the firm, presence of the HR department, corporate strategy, nature of internal labor markets (see Jackson & Schuler, 1995), personal agency, social capital, cultural heritage that bestows social status regardless of economic value, leadership and competence (see, O'Reilly & Pfeffer, 2000; Brown et al., 2011; Al Ariss et al., 2014).

It should be pointed out that we have included HR challenges at the meso level based on research evidence, even though this could well have been placed under the macro level. For example, during the boom period in the Indian call center industry, HR experienced massive challenges related to talent attraction and retention (see Budhwar et al., 2009). Thus, the meso level determinants can act as intermediaries between the macro and micro level determinants of HRM (see Table 3 for details of the factors and variables that constitute our framework).

### **Insert Table 3 Here**

We believe that the list of factors and variables proposed under the three levels of determinants of HRM in our framework is rather comprehensive, given the current developments in the HRM and related fields -- however, we would be the first to acknowledge that the list is not exhaustive. Given that the field of HRM in most Asia-Pacific nations is constantly evolving, it would behoove future researchers intending to adopt our framework to carefully identify other context-specific factors and variables that might be included under each of the three levels (e.g.,

indigenous constructs such as *Guanxi*; or indigenous philosophies, such as *keiretsus* (Japan), *chaebols* (Korea), *guanxi qiye* (Taiwan), and *qiye jituan* (China). We further believe that these constructs and business philosophies can influence HRM across all the three levels in our framework, though the impact would be the least at the meso level.

Next, considering that HRM is still in its infancy in many parts of the Asia-Pacific region, we argue that comprehensive investigations of HRM should begin with an initial focus on examining the influence of national factors on national patterns of HRM. In this regard, we draw upon the available literature for countries in the Asia-Pacific region (e.g., Varma & Budhwar, 2014) for our analysis. Interestingly, similar developments (e.g., the influence of national institutional forces on HRM) were reported in the literature for Europe in the 1990s (see Morley, 2004; Parry et al., 2011). Here, we aim to identify the impact of the main national factors on national patterns of HRM, and HR related challenges in several different countries in the region. Specifically, we searched for information related to the historical development of the HR/personnel function in a given Asia-Pacific country; the key factors determining HRM practices and policies (such as globalization, labor legislation, national business systems, national culture, societal effects, competition, business environment, different institutions such as unions and educational and the vocational training set-up of a country, economy, etc.), the key challenges being faced by the HR function and, finally, the future of HRM in the region. We believe these aspects will help us better understand the specific context within which the HR function has evolved and is developing, its background and present state, and the emerging HR challenges. An examination of these factors should help identify future directions and developments in HRM, as well as predict future practice trends, and generate research ideas. Furthermore, this investigation should also help draw useful cross-national comparisons of HRM

in different Asia-Pacific countries, and contribute towards the convergence-divergence debate in a meaningful manner.

Indeed, investigations based on our proposed framework can help to highlight the role of specific contextual forces in determining the nature of HRM. For example, it is well-known that the economic environment significantly influences HRM in most Asia-Pacific countries, but its impact varies from country to country. For instance, in Japan, the recessionary conditions of the past decade or so are undermining traditional employment practices and precipitating changes in the system (see Wolf, 2010; Ishida & Sato, 2011; Hirano, 2011), while China, India and Vietnam have witnessed a boom in foreign direct investment since the liberalization of their economies (albeit at different levels, stages, and paces). Additionally, the arrival of foreign firms in these economies has forced local firms, to rationalize their HRM practices to stay competitive (Beresford, 2008; Vo, 2009; Budhwar & Varma, 2011; Nankervis et al., 2013).

In the same way, the political ideology and legal set-up of the respective countries influences HRM policies and practices in their own unique way. For example, China allows the existence of only one national union which functions strictly according to the wishes of the communist party (see Rowley & Cooke, 2010). But, in India, there are hundreds of local and regional, and several national, unions, which are usually affiliated with one of the many political parties, and generally function in an adversarial manner (Saini & Budhwar, 2014). Given the union-labor connection, the manner in which unions operate has direct implications for the HR function.

Research has also revealed the unique influence of the socio-culture context on HRM systems -- for example, several Malaysian firms operate on strict Islamic work principles, which many firms in China, Taiwan, and Japan, incorporate Communist, Confucian and Buddhist principles in their policies and practices (see Budhwar & Fadzil, 2000; Beresford, 2008; Collins



et al., 2012; Debrox et al., 2012; Malek et al., 2014). Further, the vocational and educational set-up of a country is directly responsible for the employable skills of its graduates. In a majority of Asia-Pacific countries, finding new graduates with employable skills is a major issue, even though many of these countries produce staggering numbers of graduates each year (see Duoc & Metzger, 2007; Li, 2011; Nankervis et al., 2013). Clearly, this disparity has direct impact on the talent acquisition and management function of HR (e.g., Napier, 2005; Farndale et al. 2010; Lin 2011), as well as serious implications for critical factors such as wage and salary suppression, job-hopping, organizational commitment, and organizational performance.

On the other hand, the mapping of historical developments about the nature of HRM provides a chronological assessment of its foundations in a given country and also helps to make predictions about emerging trends (see Table 4 for a summary of developments in India). Similar summaries and inferences can be made after analyzing and synthesizing existing literature on countries such as Japan (see Jackson & Tomioka, 2003; Ishida & Sato, 2011), China (see Tang & Ward, 2002; Rowley & Cooke, 2010; Cooke, 2012; 2014); Thailand (see Andrews & Siengthai, 2009; Siengthai, 2014), Vietnam (see Vo, 2009; Rowley & Truong, 2010; Cox, 2014), Korea (Rowley & Paik, 2008; Rowley & Bae, 2014) and other Asia-Pacific countries (see Varma & Budhwar, 2014). The development and provision of detailed summaries (like the one presented in Table 4 for India) on developments in HRM in other Asia-Pacific countries is beyond the scope and purpose of this paper. However, it should be emphasized that similar historical assessments of the developments in the nature of HR function within societies is that can help identify differences that can reveal each society's own societal effects. In addition, such assessments can pinpoint the main forces which have shaped the present HR function in those countries, as well as help to predict future trends (Smith & Meiksins, 1995). Indeed an

understanding of the present state of the HR function in different countries can help to address the convergence-divergence debate as well.

#### **Insert Table 4 Here**

One of the key messages emerging from the historical evolution of the HR function in India is the consistent change in its status over the past 9-10 decades. Such detailed analyses also help identify the key forces which have contributed to the development of the HR function in India. These included (i) the appointment of labor welfare officers in 1920, (ii) formal recognition to the workers' right to form unions in 1926, (iii) creation of major labor legislation to safeguard workers' rights in in 1930s-40s, (iv) the expansion of the personnel function in 1960s beyond the welfare aspect with three areas of labor welfare, industrial relations and personnel administration developing as the constituent roles for the emerging profession, (v) the shift in emphasis from administration to organizational 'efficiency' in the 1970s, and (vi) the increasing focus on terms such as organizational development and human resource development (HRD) in the 1980s. Not surprisingly, the 1990s witnessed the elevation in the status of personnel managers to the board level, though only in professionally managed organizations (Sparrow & Budhwar, 1997). Subsequently, there has also been a massive upsurge in nomenclature change – seen clearly in the re-labeling of personnel managers as HRD or HR managers, and personnel department as HRD or HR department. Concurrently, the fast growth of the Indian economy in the late 1990s and 2000s created pressure on the Indian HRM function to become more creative and innovative (see Budhwar & Bhatnagar, 2009). As a result of these developments, the use of terms like talent management, employer branding, competency mapping, performance management, leadership development, has become commonplace, and

concepts like the alignment of HR strategy with business goals are discussed and implemented much more frequently, especially in leading private sector organizations and MNCs operating in India. Not surprisingly, the latest HR concepts and techniques are being taught by leading business schools in the country (Budhwar & Varma, 2011). Clearly, these developments are a result of the rapidly changing business context of India.

The above summary regarding the historical developments in Indian HRM helps to put things in context, and along with the other macro level components of the above-presented framework (see Figure 1), helps to better understand the unique Indian socio-economic and institutional context that has contributed to the present status and nature of the HR function. Given the continuing economic development of India, and the projected high growth rates, one can expect the Indian HR function to continue to evolve and play a more strategic role in firms operating in India. There is emerging evidence that this is already happening in foreign firms operating in India (see Budhwar, 2012) and specific sectors such as IT, software and BPO (see Malik & Rowley, 2015). Similar analyses for the other countries in the region can further inform the thesis of convergence-divergence of HRM.

Next, we present the key challenges faced by the HR function in the Asia-Pacific context and propose ‘research themes’ for future investigations, based on our analysis of the existing literature, on-going trends, and predictions for the field of HRM.

### **Challenges Facing HRM in Asia-Pacific and Avenues for Future Research**

The main challenges facing the HR function in the Asia-Pacific context are presented below, with each key challenge listed in a separate sub-section. We have identified these based on a thorough analysis of the existing literature, and we further discuss how each of the research

propositions presented below is linked to the ‘macro’ level factors of our integrative framework for cross-national HRM analysis (see figure 1).

### *Talent Acquisition, Development & Retention*

The last decade or so has witnessed a clear shift of balance of power from North America and Europe to the Asia-Pacific region. While China is now acknowledged as a leading global economic power, India is not far behind, and is projected to overtake China on many key indicators (see, e.g., Varma & Tung, 2015). This level of economic growth logically requires high quality talent to support and sustain it. As we noted above, many countries in this region (e.g., China, India, Malaysia, Thailand, Vietnam, etc.) produce large numbers of graduates each year, and yet, they struggle to meet their talent requirements. This is mainly due to the poor quality of the available talent on the one hand and strong demand for talent on the other (see, e.g., Cooke, 2014 (China); Budhwar & Varma, 2011 (India); Nankervis et al., 2013; Horwittz & Budhwar, 2015 for an overview).

Further, the high demand for talent results in talent poaching and job-hopping, which creates a major challenge for HR departments. This situation is further complicated by the desire of talented candidates to work in MNCs on the one hand, and the cross-national and global movement of talent on the other. For example, due to the long-persisting recessionary conditions in Japan, a number of Japanese professionals are seeking and accepting jobs in Korean firms in Korea (e.g., Bebebroth & Kanai, 2011; Rowley & Bae, 2014). While this allows Korean firms to get experienced and skilled professionals on their rolls, it also comes with the challenge of integrating these professionals with the existing domestic workforce and the organizational culture(s). Linking these developments to the ‘macro’ level factors influencing HRM in a national and cross-national context in our framework, we can see the significant role played by

national educational, vocational, and training set-ups in the production of graduates who, sadly, lack employable skills. We can also see an active interplay of the global and regional economic and competitive business environments in talent valuation talent, and the role of legal frameworks in cross-border talent mobility or lack thereof.

The existing evidence also suggests the need for an enhanced emphasis on training for both the newly acquired and existing talent in firms in the Asia-Pacific region. This is due to a combination of reasons -- on the one hand, many new recruits are not job-ready, and on the other hand, there is a critical need to integrate the new recruits with the organizational culture. Clearly, the resultant costs are significant for the organization, and their challenge lies not just in the form training dynamics (costs, nature of training, etc.), but also the danger of creating employable commodities, who might then be poached by competitors (see Lin 2011; Varma & Budhwar, 2014).

Here, Vietnam presents an interesting case study, where the workforce has an excess supply of non-skilled and semi-skilled labor, while there is a continuing shortage of skilled labor, making it an imperative that training is provided, either in-house or externally (see Cox, 2014). Once again, this creates the dilemma where the benefits of in-house training (better available talent) have to be weighed against the potential costs (i.e., poaching), while external training needs to be evaluated against corporate needs and for quality concerns. Relatedly, Singapore also offers an interesting case, where the last two decades have seen a huge growth in the number of training consultants and outfits, and yet, it is not clear if they have been able to support organizations appropriately (see Templer et al., 2014). While many of these training outfits and in-house training programs emphasize operational efficiencies and cost-reduction strategies, what the economy seems to really need is a different kind of skill set (e.g., innovation), given that the new economy is increasingly knowledge-based (Heracleous et al., 2009). Finally, Thailand is

facing a different, though related problem -- as technology and automation lead to re-structuring of organizations and jobs, numerous individuals (especially older workers with lower or no technology skills) are likely to be laid off or forced into retirement (see Naphatnon & Suchada, 2011; Siengthai, 2014). Sadly, this also holds true for both China and India and the other countries in the region pursuing divestment of public sector organizations. Interestingly, the strict central rule in China allows the implementation of such change programs without much trouble, whereas in India, the trade unions and other political pressure groups make it very difficult to allow for such a transition (see Nankervis et al., 2013; Saini & Budhwar, 2014). Clearly, this creates a massive challenge for the HR function to restructure, downsize, and right size their organizations and also deal with demanding trade unions. This situation also has a significant impact on the performance of organizations, further adding to the challenges faced by the HR function.

Going back to the ‘macro’ level determinants of HRM in our framework (see Figure 1), the above examples of divestment example in China and India demonstrate how the same factors, known to influence HRM (i.e., government policies and initiatives to pursue divestment and role of national unions) have a context-specific and unique (direct/indirect) impact on the HR function in different settings. Drawing upon the above discussion, we present our first set of research themes.

**Research Theme 1:** Identify the main factors contributing to the production of poor talent in many Asia-Pacific countries, and explore the strategies that HR managers could use to attract and retain talent.

**Research Theme 2:** Identify the unique forces existing in countries in the Asia-Pacific region that determine the emphasis on training (or, lack thereof). Explore the linkages between the demand for training; the provision of training, the retention of talent and the impact of training on firm performance in the countries in the region.

### *Work-life Balance and Internal Labor Markets*

Next, the growth of the Asia-Pacific economies has given rise to an important concern – work-life balance. In rapidly growing economies, talented employees are always in demand. Due to the worth of their talent, they are generally presented with increased opportunities to earn more which brings with it the danger of going overboard and ignoring family and social life in the pursuit of economic success. In fact, the impact of this is already being felt in various circles. In India, an increasing numbers of applicants, especially in the IT, software and the BPO sectors are seeking companies that offer work-life balance (e.g., Budhwar et al., 2009), while Korean firms are proactively addressing the issue by adopting family-friendly policies, such as designating every Wednesday as a family day, and switching all lights off at 6 pm, so that employees are not tempted to work late, and instead go home to be with their families (Rowley & Bae, 2014). The area of work-life balance is then rapidly becoming a major challenge for the HR function in the Asia-Pacific context where emerging evidence is highlighting lots of health, psychological and social problems being experienced by staff (see Budhwar et al., 2009; Wan, 2010).

This situation is further aggravated by the existence of high power distance culture in the Asia-Pacific societies where subordinates struggle to say ‘no’ to the increased work demands pushed on them by their superiors, resulting in a serious work-life-imbalance. It should be noted that this behavior is linked to the traditional hierarchical social structure of many Asia-Pacific

countries which emphasize respect for superiors, be they family elders, teachers or superiors at work (see Hofstede, 1991; 1993). As a result, managers are shown to prefer centralized decision making and practice tight control and do not like to delegate authority (e.g., Debroux et al., 2012). This practices often results in the exploitation of employees who tend not to raise their voice against ill-treatment and poor management practices (e.g., Mellahi et al., 2010; Malek et al., 2014). Such set-ups generally result in organizational ineffectiveness and inefficiencies and all of this creates massive challenges for the HR function. To a great extent, the above mentioned work and organizational dynamics are deep rooted in the dominant national business systems, as well as the complex mix of socio-cultural traditions and institutional set-up of Asia-Pacific societies, and are thus proving to be a major challenge for the HR functions of the different Asia-Pacific economies. Nevertheless, these dynamics do exist and significantly influence most work processes (see Varma & Budhwar, 2014), and thus, we ensured that these are included as an integral part of the macro level factors of our integrative framework.

Further building on this, the research evidence also suggests that the socio-cultural and institutional set-ups of the Asia-Pacific region encourages cronyism to exist in various guises, often arising from different motivational bases and power dependence relations (e.g., Khatri et al., 2006). Cronyism is defined as a favoritism shown by the superior to his or her subordinate based on their personal relationship, rather than the latter's capability or qualification, in exchange for the latter's personal loyalty (see Khatri & Tsang, 2003). To a great extent, cronyism has been responsible for the last two economic crises in the region, and has been shown to have adverse effects on the effectiveness and efficiency of HRM practices. While it is true that cronyism exists in every part of the world, it takes on special meaning in the Asia-Pacific region, given the unique cultural realities of the region, whereby family oligarchies often control major



chunks of the business world, while at the same time making deep inroads into the political and policy-making machinery of the country (e.g., Khatri & Tsang, 2003; Luo, 2008).

At another level, HR managers face significant challenges in their attempts to utilize ILMs in Asia-Pacific organizations to improve performance. This is indeed ironic since it is known that ILMs make it possible for HRM practices to be consistent with a systematic and rationalized employment system (e.g., Osterman, 1994). However, in the case of Asia-Pacific economies (like many other emerging markets), ILMs are generally based on social connections, political contacts, caste, religion and economic power (see Smith et al., 2012), leading to corruption at all levels – individual, organizational and national (see Leung et al., 2008). Interestingly, there is emerging evidence that in keeping with the evolution of the HR function, the nature and components of the traditional ILMs are being challenged, and instead ILMs based on performance-based systems are being developed (e.g., Conrad, 2009; Debroux et al., 2012). Nevertheless, the ILMs of Asia-Pacific economies are deep rooted in their traditional societal systems and are proving to be a major hurdle for HRM professionals as they attempt to modernize the function. Based on the above discussion, we present our next set of research themes.

**Research Theme 3:** Investigate the nature of work-life balance programs being practiced in the Asia-Pacific region. Relatedly, explore the factors that can help make such programs both effective and efficient, and the related challenges that HRM might encounter.

**Research Theme 4:** Explore the impact of cronyism on HRM efficiency and effectiveness and eventually on organizational performance in the Asia-Pacific context.

**Research Theme 5:** Examine and highlight the emerging nature and core components of ILMs in the new economic set-up of Asia-Pacific markets. Further, explore the strategies used by firms in the region to develop efficient ILMs appropriate for the modern business context in a globalized world.

#### *Unique HR Models and Intra-Country Differences*

The existing literature on HRM in the Asia-Pacific region shows that research has been, and is being, conducted on a variety of topics to highlight the dominant models across different countries. These include studies on *keiretsus* in Japan, *chaebols* in Korea, *guanxi qiye* in Taiwan, *qiye jituan* in China and Hong Kong, the traditional four pillars of management in Japan, as well as other unique aspects of Chinese management, and the management models of Singaporean, Chinese, Korean and Indian businesses (see Rowley & Abdul-Rahman, 2007; Budhwar & Debrah, 2009). However, in the present context, the validity of a number of such established ideal-typical management models is questionable (see Conrad, 2009; Capelli et al., 2010; Debroux et al., 2012). During such periods of transition, the HR function can play a significant role, but, for this to happen, it needs to be allowed to play a more strategic and change agent role. However, the lack of strategic emphasis allowed for the HR function in many Asia-Pacific countries continues to be a major bottleneck (see Benson & Zhu, 2011; Varma & Budhwar 2014). There is, thus, a need to examine and highlight the applicability of established and newly emerging business models in different Asia-Pacific countries, along with the role played by the HR function during such transition. To make the analysis more meaningful, researchers should attempt to highlight the major factors that determine HRM policies and practices in the region. To a great extent, this is linked to the changing nature of national business systems and their

impact on the national patterns of HR function, and is thus a logical link with the macro level factors of our framework.

Related to the discussion of unique HR models in Asia-Pacific is the need to understand intra-country differences. While several leading scholars (e.g., Hofstede 1993) have proposed mechanisms to understand inter-country differences, others have argued that it is critical to acknowledge that there exist substantial meaningful differences within countries (see, e.g., van Hoorn, 2014). Clearly, in the case of Asia-Pacific countries, this argument is of critical importance, as many countries in the Asia-Pacific region (e.g., China and India) continue to be among the leaders in present and projected economic growth – growing at more than 6% (BusinessWeek,; Nov 2014 – Jan 2015 issue). Given that more than half of the world’s population lives in the Asia-Pacific and, of this, that more than 35% live in China and India combined, it is critical that we move beyond general comparisons to understanding each country’s unique mix of people, and the resultant demands that the mix makes on management and HR systems. Accordingly, we propose the following research themes.

**Research Theme 6:** Examine the nature of the emerging HRM model(s) in the Asia-Pacific countries. Relatedly, examine the changes taking place in the historically dominant HRM models in countries in the region (e.g., Japan).

**Research Theme 7:** Explore the unique socio-cultural behavioral patterns and the resultant needs of individuals and organizations operating in different parts of a country. Highlight the complex demands this places on HR departments as they set about creating appropriate systems, policies, and practices, that must be consistent across business groups, yet address the needs of different population segments.

### *Managing Diverse Workforce*

The Asia-Pacific region presents an interesting mix of workforce demographics. For example, on the one hand, India has the youngest population in the world, whereas in countries like Taiwan and Japan the average age is much higher -- 43+ years in 2011 (Chang, 2014; Debroux, 2014). Not surprisingly, the aging populations are creating major challenges for HR with issues related to medical care, retirement benefits and increase in retirement age. Along with this, the mix of different generations of employees is creating a different type of HR challenge related to meeting aspirations of employees and creation of relevant motivational and career development plans. The information provided in the popular press regularly highlights the sky-high aspirations of the younger generation regarding both career growth and salary increases. The loyalty and organizational commitment of such staff is significantly different from older staff, who often prefer stability and job security (e.g., Peng et al., 2009) over fast growth and salary raises. Not surprisingly, managing the diverse expectations of the new workforce is proving to be a major challenge for the HR function.

There are also serious issues related to females' participation in the workforce. For example, the growth of the BPO sector in India has, for the first time, forced the government to amend the labor legislation to allow females to work on night shifts (Saini & Budhwar, 2014). Similarly, the females' participation in the Singaporean workforce has been steadily increasing (from 65.4% in 2001 to 75.7% in 2011). Interestingly, a large number of qualified females (typically in their late 30's) voluntarily withdraw from the workforce to raise families (see Templer, et al., 2014), but when they are ready to return, they find it difficult to re-join the workforce. Also, in countries like Japan, Taiwan, China, Malaysia and Korea, females struggle to get to middle and senior managerial positions, despite having the required competencies (see

Rowley & Yukongdi, 2008; Peng et al., 2009; Debroux et al., 2012). The existence of such barriers is also a strong reflection of the dominant socio-cultural and institutional set-up of Asia-Pacific societies, and fits clearly with the macro level factors of our framework. Based on the above discussion, we present our next research theme.

**Research Theme 8:** Explore the unique challenges faced by HRM in manage the diverse workforce in the various countries in the Asia-Pacific investigate the complex forces that are creating these challenges, and strategies to address the same.

#### *Western Management Approaches and Theories in Asia-Pacific*

One outcome of the move of Western MNCs to Asia-Pacific countries has been the transfer of their HR systems to their Asia-Pacific operations (e.g., Dowling et al., 2013). In this regard, scholars have regularly looked at the challenge of application of Western management and organization theories in the Asia-Pacific context (e.g., Paik et al., 2011; Rodrigues & Child, 2003). Indeed, Pun et al. (2000) conducted a comparative analysis between Anglo-American and Chinese cultures, and reported the pervasive influence of Chinese cultural heritage and collective orientation on Chinese organizational life. In order to adapt to the increasingly global business environment, these authors suggest the need to determine changes to aspects of Chinese management culture. This is a tall order for local organizations, as the deep cultural and institutional differences make it difficult for the foreign firms operating in China to implement their headquarters' HRM practices in their Chinese subsidiaries. Arguably, this is changing to some extent, as a study by Bjorkman and Lervik (2007) reveals the successful implementation of global standardized HRM practices in some foreign firms operating in the Chinese context. Similarly, Budhwar's (2012) investigation also highlights the existence of a similar phenomenon

in foreign firms operating in India. Such results indicate that perhaps a certain level of standardization of HRM systems is taking place around the globe with local adaptations. Furthermore, there is also some evidence of the existence of a hybrid approach to people management in the Asia-Pacific context (e.g., Zhu et al., 2007; Bjorkman et al., 2008). This creates an interesting dilemma for the HR manager when it comes to choosing which approach to adopt to develop their HRM systems. Clearly, in order to explore and understand the emerging scene, more research is need in this regard.

However, it should be noted that while the above examples show some promise in regard to adaptations, scholars continue to call for identification and development of context-specific constructs (see Tung & Aycan, 2008; Varma & Budhwar, 2014), highlighting the limited applicability of Western management approaches and theories in the Asia-Pacific context. In this regard, several China-focused investigations have been conducted over the past few years and outlets like *Management and Organization Review* and *Asia-Pacific Pacific Journal of Management* have proven to be useful outlets for such work (see for example Leung, 2012). There is also emerging evidence along the same lines from India as well (see Capelli et al., 2010; Khatri et al., 2014) where the prevalence of unique indigenous management approaches and constructs are being highlighted. Such developments are encouraging and exciting and certainly a meaningful way forward (i.e., identify and highlight the country/Asia-Pacific specific management/HR approaches and constructs). As we note above, indigenous constructs and approaches have a logical link with the national factors (e.g. national culture) highlighted in our framework. Based on the above discussion, we present our next set of research themes.

**Research Theme 9:** Highlight the main factors contributing to the successful implementation (or otherwise) of western approaches to HRM in the Asia-Pacific context.

**Research Theme 10:** Identify, highlight and present robust country-specific HR approaches and constructs for the Asia-Pacific region. Examine the impact of the same on organizational performance.

### *Dated Legal Systems and Performance*

One of the issues faced by MNCs while operating in other countries is the need to develop and implement practices and policies that are in consonance with local labor and related laws (Dowling et al., 2013). In the case of MNCs operating in the Asia-Pacific region, this takes on special significance, as many countries in this region have been slow to update their legal systems. As a case in point, India has numerous labor laws (over 60 at the national level and over 150 at the state level) that often put a stranglehold on the economy and businesses alike (see Saini & Budhwar, 2014). It is not surprising that India ranks 130 out of 189 countries on the World Bank's 'Ease of Doing Business', (2015). A similar scenario exists in many other Asia-Pacific economies (see Siengthai et al., 2010; Benson & Zhu, 2011). The myriad of (dated) legislation, and their poor implementation have clear links with, and often impact on, poor governance, corruption and, logically, on organizational and national performance. Given that the HRM scene is changing steadily in the Asia-Pacific, it is critical that the relevant legislations are updated so they can be more effective and allow organizations to operate within the legal umbrella. The national legal framework of a country is central to our macro level factors in the proposed framework. Accordingly, we present our next research theme.

**Research Theme 11:** Examine and highlight the impact of dated labor legislation on organizational and national effectiveness. Identify the core obstacles that prevent updating of labor legislation in Asia-Pacific countries, and propose strategies for overcoming the same.

### *HRM in the Informal Sector*

A significant majority of the work in most Asia-Pacific countries exists in the informal sector. For example, in India, out of a total workforce of approximately 400 mn, only 9% operates in the formal sector (i.e., for which there is a formal work contract, see Saini & Budhwar, 2014). Sadly, there is a critical scarcity of research regarding worker management in the informal sector in the numerous different countries in the region, and the impact on national productivity and outputs. Given that large populations of Asia-Pacific nations are ‘employed’ in the informal sector (see Benson & Zhu, 2011), it is critical that research is undertaken to better understand the HRM systems in the informal sector, so that we may learn from them. One of the issues often raised about the informal sector is the possibility of exploitation of those employed in this sector – at the same time, given that a significant majority of the workforce is provided employment by this sector, it is critical to acknowledge the role played by the informal sector in the economic growth of nations. The very existence of the informal work sector in Asia-Pacific nations is then an outcome of the national business and legal systems of a given country (Whitley, 1992); a link with the macro level factors of our network. Accordingly, we present our next research theme.

**Research Theme 12:** Examine and highlight the nature and pattern of HRM systems in the informal sector of countries in the Asia-pacific region, and their impact on performance at different levels (individual, organizational and national).



### *Strategic Nature of HRM*

In a majority of the Asia-Pacific nations, the HR function (especially in local and national firms, and in small-to-medium size firms) is still playing a reactive role and in many cases there is no HR department in organizations or representation of HR at the board level (see, e.g., Varma & Budhwar, 2014). However, as these economies continue to economically grow and become more competitive, it is critical that nature of their HR function also evolves and becomes more strategic. This recognition and empowerment is a major challenge and frustration for the HR function, especially since it often has to rely on other actors (other departments/managers) for this to happen. This is all too often seen occurring in some Asia-Pacific nations. For example, as countries like Taiwan have moved from being primarily agrarian economies to labor intensive industrial nations, subsequently followed by technology and service-based economies, to knowledge and capital intensive economies currently (Chang, 2014), the role of HR has also evolved (Lee et al., 2010). Indeed, in response to increasing globalization and the resultant competition, Asia-Pacific firms have begun to recognize the significant positive impact of HR systems on organizational performance and productivity. While there are empirical studies emerging from many Asia-Pacific nations documenting the impact of Strategic HR (see evidence from various volumes in the ‘Working in Asia-Pacific’ series referred above), the evolving role needs to be examined further, so that organizations can better create systems and policies and practices that are appropriate to their local context. Accordingly, we present our next research theme:

**Research Theme 13:** Examine the evolving strategic role of HRM in firms operating in the Asia-Pacific region, and the resultant impact on HR systems, policies, and practices, as well as organizational performance.

## **Conclusion**

### **Convergence-Divergence of HRM in Asia-Pacific**

In the past, several researchers have attempted to examine the convergence-divergence thesis in the Asia-Pacific context (e.g., Rowley, 1998; Rowley and Benson, 2002; Warner, 1998; 2002; von Glinow et al., 2002). However, they have used the constructs of convergence-divergence in a loose sense and based on similarity in trends, a practice that has been labeled as “directional convergence” by Brewster et al. (2015). In order to conduct a robust analysis of the convergence-divergence thesis, we require robust data that are longitudinal in nature, and thus consistently measure the same phenomenon over long periods. Only then can we be in a position to talk about ‘final convergence’. Of course, it is not easy to get this kind of data. One of the few examples of such a dataset is the one created by the Cranet surveys over the past three decades or so (see Parry et al., 2011 for details) involving a large number of countries (currently almost 30 nations) – no such dataset exists for the Asia-Pacific. However, based on the above analysis about the current state of HRM in Asia-Pacific we can talk about directional convergence based on available information and subsequent analyses, as above.

Rather than repeating our arguments above, we summarize the key messages emerging here. First, our unit of analysis is the individual country, rather than the whole region. Next, our analyses presented above allow us to look at the factors contributing towards convergence-divergence, the HR challenges facing HR in the Asia-Pacific countries and the emerging future focus of the HR. Based on the macro level components of our framework presented in Figure 1

(i.e., national and international factors influencing HRM across Asia-Pacific nations) we can see directional convergence in the form of the same factors strongly determining both the nature of HRM and the challenges facing the HR function in the Asia-Pacific context. We can also see similar trends in the evolution of the HR function in different countries and clear movement towards formalizing of HR departments in increasing number of organizations.

From the MNCs' perspective, the implementation of global standardization of HRM practices and policies (with local adjustments) taking place in the Asia-Pacific context is also an indication of soft convergence. We also have emerging evidence that some of the country-specific HRM systems (e.g., the core pillars of Japanese management systems) are changing towards the global 'best practice' model, i.e., 'performance based systems'. To a great extent, a combination of forces related to globalization, competition, fight for talent, recognition of the need for change by organizations and decision makers, and the evidence from the success of the 'best practice' model, is contributing towards directional convergence in the Asia-Pacific context.

However, considering the heterogeneity (such as population, geography, economies, economic development phase, labor markets, socio-cultural, legal and political set-up, and HRM systems) in the region and context specific nature of HRM, it might be pre-mature to talk about significant or 'hard or final convergence' taking place in Asia-Pacific. Also, we do not yet have available data to conduct such an analysis. Given an increased emphasis on developing indigenous/ context specific and unique management constructs in Asia-Pacific and their proven link with organizational performance, we can expect increasingly more clear examples of crossvergence of HRM to emerge from the Asia-Pacific context.

To sum-up, Asia-Pacific economies have lately made a significant contribution to the world economy. With the growing business interest in the region, both academics and practitioners are interested in finding out about the kind of HRM systems appropriate for the

region. The challenges facing HRM in Asia-Pacific are clearly complex and daunting, and most have emerged as a result of the changes in the macro (economic) environment. Clearly, there is some indication that HRM is undergoing transformation in the region but it is unclear where this might ultimately lead. One possibility is the emergence of a hybrid system (based on a mixture of both traditional Asia-Pacific characteristics and Western rationalized system -- see Miah & Bird, 2007; Bjorkman et al., 2008). However, it is important that any HRM system that emerges in the region should be context based. To this end, we have presented an integrative framework for analyzing the context specific nature of Asia-Pacific HRM and presented a number of research themes to guide researchers as they investigate issues that can further help to improve both relevant theory and practice. In order to conduct robust research analyses, it will be critical to utilize context relevant measures and robust methodologies. We would, accordingly, urge researchers to move away from conducting investigations that have been shown to have severe limitations, as well as weaknesses in methodologies (e.g., cross-sectional analysis). In our opinion, whether HRM in the Asia-Pacific region converges or diverges in the future, will depend largely on the dominance of the forces contributing to either.

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<b>Table 1: Core Forces Responsible for Convergence or Divergence</b>	
<b>Convergence</b>	<b>Divergence</b>
<ul style="list-style-type: none"> <li>• Industrialization and standardization of products and services</li> <li>• Globalization resulting in interdependence</li> <li>• Technological developments</li> <li>• Internationalization of businesses</li> <li>• Cross-national diffusion of work processes</li> <li>• A move towards the ‘best practice’ model and emergence of similar trends (e.g., performance based systems and abolishing of life-long employment)</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity of cultural value orientations</li> <li>• Variety of capitalism</li> <li>• Distinct national business systems</li> <li>• Diverse and unique legal set-up</li> <li>• Intra-national heterogeneity in case of large nations</li> </ul>
<p><b>Note:</b> The above is not an exhaustive list.</p> <p><b>Sources:</b> Katz &amp; Darbishire (2000); Brewster et al. (2015); Authors’ own analysis</p>	

<b>Table 2: Examples of Country and Region Specific Majors HRM Research in Asia-Pacific</b>	
<b>Countries</b>	<b>Authors</b>
China	Tang & Ward (2000); Warner (2000; 2002); Cooke (2009; 2012; 2014); Rowley & Cooke (2010)
South Korea	Kim & Bae (2004); Rowley & Paik (2008); Rowley & Bae (2014)
India	Budhwar & Bhatnagar (2009); Malik & Rowley (2015)
Japan	Jackson & Tomika (2003); Conrad (2009), Haghirian (2010), Miyoshi & Nakata (2011); Bebenroth & Kanai (2011)



Vietnam	Vo (2009); Rowley & Troung (2910)
Singapore	Heracleous et al. (2009)
Thailand	Napathorn & Suchada (2011); Rowley & Siengthai (2009)
Malaysia	Chew (2005); Long & Wan (2008)
Asia-Pacific	Andrews et al. (2002); Rowley & Benson (2004); Rowley & Abdul-Rahman (2007); Rowley & Yukongdi (2008); Siengthai et al. (2010); Rowley & Poon (2010); Rowley & Warner (2011); Rowley & Harry (2011); Benson and Zhu (2011); Varma & Budhwar (2014)
China and India	Nankervis et al. (2013); Cooke et al. (2014)
<b>Note:</b> Not an exhaustive list (identified from major reviews and books)	

<b>Table 3: Details of Factors/Variables Useful to Determine Context-Specific HRM in a Cross-national Set-up</b>					
<b>Macro Level</b>		<b>Meso Level</b>		<b>Micro Level</b>	
<b>Factors/ Variables</b>	<b>Examples of Elements</b>	<b>Factors/ Variables</b>	<b>Examples of Elements</b>	<b>Factors/ Variables</b>	<b>Examples of Elements</b>
Forces of Globalization	Global standards Free movement of talent	Different stakeholders	Unions	Contingent variables	Age, size, ownership of firm, etc
National business systems *	Nature of markets, regulations, etc	Legislation	Gender related	Strategic orientation	Cost reduction
Societal effects *	Industry demand, State of industrial relations, Education system	Technological advancements	Advanced HRIS	Personal agency Perception & experience	High Low
National culture	Dominant way of doing things in a nation	Sector specific standards	Professional approach to HR	Social capital	Family-friend circle Colleagues

					Neighbours
Political ideology & attitude of state	Social Communist	HR competence	Competent vs not	Social status	High Low
Institutions	Legal & political Unions Training & vocational set-up	Status of HR	Strategic vs admin.	Leadership & competence	Influential Experienced Skilled
Socio-cultural traditions	Respect of elders/or in position	Challenges for HR	Voice vs no voice	Presence of HR department & HR manager	Yes No
Dominant internal labour markets	Based on social connections	Availability of skills	High level/ low level	Nature of internal labour markets	Formal, based on rules Informal, based on ones connections
Critical risks	Physical security Currency fluctuations	Strategic alliances	To gain competencies		
Mass migration	Within EU	Benchmarking of specific practices	Compensation		
Historical assessment and developments in HR	Change in nature of HR practice over time				

\* **National Business Systems:** The concept of National Business System as launched by Whitley (1992) centers around the belief that firms do not act in a social vacuum, but are economic actors affected by numerous influences from the environment. Firms operate in markets, business sectors have to comply with laws and regulations, etc. The majority of these influences are linked to the nation in which the firm is operating and impact specific HR functions, e.g., rewards.

\* **Societal Effects:** suggest that organizational processes and practices should be considered as a phenomenon within a society, i.e. as part and product of the society within which it is situated. Hence, any social action by the firm will depend on the industry demand, state of industrial relations, education system and its associated records of historical and ecological development.

**Table 4: Evolution of HR Function in India**

<b>Period</b>	<b>Developmental Status</b>	<b>Outlook</b>	<b>Emphasis</b>	<b>Status</b>
1920s-30s	Emerging	Prgmatism of capitalists	Statutory, welfare, paternalism	Clerical
1940s-60s	Establishing	Technical legalistic	Introduction of techniques	Administrative
1970s-80s	Impressing with sophistication	Professional, legalistic, impersonal	Regulatory, conformance, imposition of standards of other functions	Managerial
1990s	Promising	Philosophical	Human development, productivity through people	Executive
2000s	Rationalization and formalization	Strategic	Organizational performance	Strategic partner

**Source:** Authors' own analysis