

The challenges for macro talent management in the mature emerging market of South Korea: A review and research agenda

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Challenges for macro talent management in the emerging market of South Korea: A review and research agenda

Abstract

As the global economy continues to fight the war for talent, Talent Management (TM) has increasingly become a critical function that must be addressed if corporations are to survive and thrive. In this regard, South Korea (henceforth Korea)'s transformation from a third-world, under-developed economy, to a global powerhouse and an important emerging market has caught the attention of scholars in numerous fields. In this comprehensive review of TM in Korea, we trace its evolution and address the following questions: what challenges does Korea face when it comes to bringing global talent and what are the main impacts of Korea's government policies and intervention in its macro talent management system? We then develop a revised macro-talent management framework and offer propositions. We conclude by offering specific suggestions for the state and policy-makers so they can attract and retain talent.

Keywords Talent management, challenges, emerging market, macro-environment, Korea

Challenges for macro talent management in the emerging market of South Korea: A review and research agenda

1. INTRODUCTION

Over the last decade or so, Talent Management (TM) has evolved from a marginal topic to one of central and global importance (see, e.g., Pereira & Fontinha, 2014; Scullion & Collings, 2016). The topic of TM originated from the USA (Michaels, Handfield-Jones, & Axelrod, 2001), a developed, liberal-market capitalist country where institutions are often well established and influenced by the ideas of economists like Smith (1776), Keynes (1936), and Friedman (1962). They believed in the ability of the market to regulate managerial misbehavior. In other words, liberalized labor markets can replace unproductive managers through the acquisition of external, competitive, and therefore (assumed) highly profitable talent. Meanwhile, classic business and management theories mainly emerged from Western philosophies (Meyer, 2006). Furthermore, the data and assumptions were mainly formulated from companies in developed countries to underpin the theories (Hernandez & Guillén, 2018), although there is no doubt that Asia is currently the most influential attractive continent in the global economy (Budhwar & Debrah, 2009; Cooke, Schuler, & Varma, 2020).

For instance, OECD (Organization for Economic Cooperation and Development) predicts stronger growth in Asian economies from the emergence of digitalization, which is a major factor driving economic growth. Emerging Asia will grow at around 6.5 percent over 2018 and 2019, whereas OECD expects that the USA growth is 2.5 percent in 2018 and dropping to 2.1 percent in 2019 (OECD, 2021). As a result, questions were raised about whether classic business theories including theories of talent management (Al Ariss, Cascio,

& Paauwe, 2014) from mature economies in the last decade (Wright, Filatotchev, Hoskisson, & Peng, 2005) can be applied to emerging market multinational enterprises (EMNEs) or not.

The EMNEs' home country institutional environments are related to the lack of intangible assets, political risk, peculiar ownership, and organizational structures (Guillén & García-Canal, 2009). However, EMNEs have powerfully grown much faster than their Western counterparts in the past. For example, according to Ramamurti and Hillemann (2018), Chinese MNEs' rapid internationalization can be attributed to four key variables namely, their distinctiveness in their stage of evolution as an MNE, the global context of their internationalization, government-created advantages, and “leapfrogging” advantage. Although, Ramamurti (2009) also put forward the argument that EMNEs are not a homogeneous group as they hail from different countries, operate in different industries, exploit different competitive advantages, target different markets and follow distinct internationalization paths.

In this regard, although available empirical research has examined the TM motives and practices of foreign MNEs in emerging markets (Tatoglu, Glaister, & Demirbag, 2016), includes understanding the TM approaches in EMNEs (Froese, Shen, Sekiguchi, & Davies, 2020), studies researching TM in the context of emerging markets remain scant (Cooke, Saini, & Wang, 2014; Skuza, McDonnell, & Scullion, 2015). Therefore, there are scholarly calls to research TM empirically in emerging economies, particularly in non-Western, emerging market contexts, as talent management concepts and frameworks were mostly developed in advanced economies in the West (Gallardo-Gallardo, Nijs, Dries, & Gallo, 2015; Latukha, 2018; McDonnell, Collings, Mellahi, & Schuler, 2017). But entering emerging markets can be very challenging for Western firms who need to take into account very different cultural and institutional contexts in their human resource management (HRM) practices (Skuza et al., 2015). In this connection, Korea's rapid economic success (namely, 'Miracle on the Han River') as one of the leading emerging markets has been widely praised, however, in the 1950s, Korea

had the status of a very poor and underdeveloped country (Kim & Kim, 2012; Lee, LaPlaca, & Rassekh, 2008).

Since the early 1960s, the country has experienced an average increase in per-capita income of 6.8% (Rodrik, 1995). Currently, Korea is one of the OECD members (Lee et al., 2008). Moreover, Korean firms play a leading role in global markets and compete successfully against firms from developed economies. This is despite the fact that Korean firms still lack a dominant position in the world economy, which is a national-origin disadvantage (Chung, Sparrow, & Bozkurt, 2014). In terms of TM, the issues of acquiring and retaining talent have been prioritized in leading Korean companies including Samsung, LG, SK, and Hyundai Motors (Bae & Rowley, 2003).

The macro context of TM including country-level TM activities has largely been neglected in the TM literature (Khilji, Tarique, & Schuler, 2015; Schuler, Tarique, & Khilji, 2019), although governments play a significant role to acquire and retain global/local talent. For example, China has implemented a '1000 Talents Plan' as a country-level recruitment policy to attract 1000 global talent since 2008 (Cooke & Wang, 2019; Inglis, Li, & Khadria, 2019). The USA offers diverse scholarships and labour permits to global talent with skills in STEM (science, technology, engineering and mathematics) subjects through a NIW (National Interest Waiver) to come with family and work permanently (Fleming, 2020; Klimaviciute, 2017).

Bringing back Israeli emigrants has become a national priority in Israel concerning its brain drain. The recent success of the I-CORE (Israeli Centers of Research Excellence) programme in 2010 and the Contact Centers in 2007 for returning Israeli scientists shows the ability of Israel to attract Israelis residing abroad in advanced countries (Chiswick & Miller, 2015). Indeed, attracting young talent and bringing back talent that had moved of the country (see Varma & Tung, 2020) are increasingly important tasks for leaders around the world.

Therefore, studying government policies, intervention and outcomes in Korea to attract global talent will advance our knowledge to reveal how talent is managed in advanced Asian emerging economies using the context of Korea.

The TM literature is largely built on a broad range of academic traditions, including HRM (Thunnissen, Boselie, & Fruytier, 2013). However, not many studies on TM have looked at the effective utilization of talent in the form of skilled migrants that bring long-term¹ sustainable competitive advantages for organizations (De Vos & Dries, 2013). This is because the academic debate on TM has separated the discussion of skilled migrants (Crowley-Henry & Al Ariss, 2018). Moreover, limited research available on TM in the context of skilled migrants has paid particular attention to understanding TM patterns in Western advanced economies, for example, skilled Muslim diaspora in the German context (Mahadevan & Kilian-Yasin, 2017). This article suggests propositions by combining the issues of TM, skilled migration, and emerging markets, and aims to bring comprehensive theoretical and conceptual insights to understand the emerging context's peculiar TM challenges in a country-level analysis. To do so, this article examines the challenges faced by Korea on seeking skilled foreign professionals and returnees and its TM outcomes. In particular, this article aims to answer the following research questions:

RQ 1: *What challenges does Korea face when it comes to bringing global talent?*

RQ 2: *What are the main impacts of Korea's government policies and intervention in its macro talent management system?*

The remainder of this article is structured as follows. The next section discusses the existing macro TM model with the examination of the term 'macro' and 'emerging countries'

¹ *Long-term* is defined as 'happening, existing, or continuing for many years or far into the future', whereas *short-term* is defined as 'continuing or having an effect for a short period of time in the future' (Cambridge Dictionary, 2021)

in TM literature. This article then unpacks the three TM challenges which the emerging market of Korea faces and the subsequent analysis builds up the respective propositions to explain how to better support the TM of skilled migrants including both foreign professionals and returnees. Finally, a revised macro TM model is proposed before discussing the limitations and practical implications are outlined.

2. THEORETICAL UNDERPINNING

2.1 Global Talent Management

Talent management theories have expanded on a global scale and the studies of global talent management (GTM) have recently emerged in the TM field (Garavan, 2012) as business environments have been driven by globalisation, changing demographics, increasing competition and the shortage of international managers (Farndale, Scullion, & Sparrow, 2010; Ready & Conger, 2007). Hence, GTM has become central and inevitable to MNCs (Tarique & Schuler, 2012). GTM is defined as ‘organisational activities for attracting, selecting, developing, and retaining the best employees in the most strategic roles to achieve organisational strategic business priorities internationally’ (Al Ariss, 2014, p. 4).

However, there remains a lack of clarified knowledge as to the meanings and challenges of GTM. Moreover, the focus has predominantly been on GTM in Western contexts (Cooke et al., 2014). Thus, including more diverse and indigenous perspectives from other international contexts would assist in shifting GTM understanding from the Anglo-Saxon centric conceptualisation of TM (Al Ariss, 2014). This would be particularly salient, given TM literature needs increasing understanding of differences in how TM is hindered to attract and maintain key global talent in different national contexts (Scullion & Collings, 2011).

2.2 Understanding the macro aspects of TM

This article adopts the ‘macro talent management’ (MTM) framework developed by Khilji et al. (2015) to enhance the understanding of talent mobility and national-level competition to acquire global top talent. It was further modified by Vaiman, Sparrow, Schuler,

and Collings (2019), who brought more robustness to this framework by exploring more varied aspects of macro TM. We adopt this framework to analyze TM in Korea at the country-level and focus on global talent mobility and returnees to fill this gap to advance this framework by using country-specific information by collecting data from secondary sources.

The macro-level country analysis has been well developed in the international business (IB) literature. ‘Macro’ means a country, and diverse frameworks such as PESTEL (i.e. political, economic, socio-cultural, technological, environmental, and legal) and Porter (1980) five forces have been developed to understand countries in terms of their modes of governance and government policies. Although the term ‘macro’ has not been well explored in the TM literature, Beamond, Farndale, and Härtel (2016, p. 500) explain this term by borrowing from the HRM literature, as ‘the strategy formulation and implementation of talent management’. Furthermore, Beamond et al. (2016) conclude that the translation of TM strategy to emerging markets at the macro-level is difficult because specific macro factors affect TM strategies when they move from one context to another. This shows that the country-level analysis is ‘contextual’ in nature because this kind of analysis provides a macro (or broad) examination of a location. Also, this analysis explains the socio-economic and political environment of a country (as location advantages) which are relevant to all domestic firms within that country regardless of size, nationality, industry, or geographical feature of analysis (Collinson, Narula, & Rugman, 2017).

2.3 Korea as an emerging market

Korea is an emerging market. There are eleven countries (i.e. known as the N-11) that have the potential to rival G7 nations with Korea being one of the nations and the others being Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, Philippines, Turkey, and Vietnam. Goldman Sachs estimated that the N-11 could reach two-thirds of the size of the G7 economies by 2050 (Kuepper, 2019). Furthermore, another group of countries, labeled as MIST

(i.e. Mexico, Indonesia, Korea, and Turkey) represent the new wave and the next tier of large emerging economies, after BRICS. Korea is one of MIST (Pimpa, 2012; Roughneen, 2011). Among these, Korea might chafe at this categorization because it has a far higher per capita GDP than the others (\$27,000) and is a member of the OECD (Roughneen, 2011). This is because Korea is perceived as a well-developed center for international business operations, with the lowest unemployment rate (3.4%) among G-20 nations (Pimpa, 2012). Accordingly, McNulty and Kaveri (2019) and Feenstra and Hamilton (2014) have not only labeled Korea as an emerging market but have also categorized it as a newly industrialized country, like, Taiwan and Singapore. However, what exactly is an emerging market?

Emerging markets denote countries that have great economic potential both now and in the future, although it contains a higher level of market volatility (Sparrow, Vaiman, Schuler, & Collings, 2019). It is often characterised by rates of growth, the presence of pro-market reforms, but continuing institutional imperfections (Kostova & Hult, 2016).

In this regard, scholars generally agree that *emergent* countries exist within emerging economies as a sub-group. Cooke (2019) indicated there are '*relatively more developed economies*' (p.439) within the emerging country category. For example, Korea is called one of the *Dragons* in Asia to represent *more advanced economies* which is different from the newly emerged Tiger economies (e.g., Indonesia, Malaysia, Philippines, and Thailand) (Zheng, Soosay, & Hyland, 2008). The political and institutional environments in emerging markets are generally characterized as a high-level risk, and strong state intervention, so-called weak institutions (Cooke, 2019). Where, a high macro-political risk indicates that the countries expropriate private firms (Collinson et al., 2017). For example, the World Bank's political risk indicator informs that China and Vietnam are high at 7 (1=low, 7=high), considering the world average in 2020 based on 195 countries is 4 points. However, Korea's macro-political risk is low as the index point is 1 from the two indicators – i.e. it represents a well-developed and

diversified economy with strong democratic institutions. Thus, this has given Korea the status of an emergent country within the emerging market or economy.

3. THE CHALLENGES FOR KOREA

The importance of emerging economies is well discussed in the TM literature. However, emerging economies face numerous challenges and barriers when they try to translate TM practices, which is coined by the Western environment (Schuler, Jackson, & Tarique, 2011). For instance, there are particular challenges in attracting and retaining talent in emerging markets as there is limited availability of skilled employees, even though it is well acknowledged that managing talent is critical to a firm's success (Beamond et al., 2016; Cooke, 2019).

This article examines the context-specific TM planning challenges through the lens of 'more advanced emerging countries' using the context of Korea, at a macro level. Korea's development experience is well acknowledged, however, scholars questioned what a country needs to do after reaching the technological forefront and achieving catching up with leading firms (D'Costa, 2015; Hemmert, 2020; Lee, 2013). Yet, Korean firms have utilized the managerial practices (e.g., ethnocentric staffing approach) which originated from a time when the country was poor, so it is doubted whether Korean firms are ready for global, Korean-style management has a future beyond Korea itself (Froese, 2020; Hemmert, 2020). Hemmert (2020) stated 'from a global perspective, little or nothing can be learned from Korean firms' (p.148).

3.1 Challenge One: Korea and its talent ranking

Korea achieved not only economic prosperity but also democracy and educational performance. In section 2.2, Korea's low political risk is demonstrated. Additionally, Korea has been ranked seventh in a global study conducted by the OECD that ranked the academic performance of 15-year-old students across 80 countries (OECD, 2018). The findings of this study also concluded that the US, Japan, *South Korea*, Germany, and France were the five

countries with the most brainpower (Wai & Nisen, 2013). It is, therefore, no surprise that foreign multinational enterprises (MNEs) organize global job fairs in Korea to attract and acquire young Korean talent. An example of this can be seen in the 2017 job fair where around 200 foreign MNCs from 18 countries and with over 500 vacancies including 91 Japanese firms with the likes of Softbank, Nissan, and Amazon Japan came to Korea to search for top talent (Jang, 2017). This demonstrates the value of Korean human capital, which enables firms to be more productive and financially strong, is the main driver to lead to superior competitive advantage (Crowley-Henry & Al Ariss, 2018).

Although it demonstrates the country's high brain power, still struggles to attract non-Korean workers (Froese, 2020). According to INSEAD's global talent competitiveness report, Korea's talent Index result has been gradually decreased and ranked 30th in its global talent competitiveness index in 2019 (see Table 1). Talent Index measures 6 items: educational assessment PISA-Math, international experience, foreign highly-skilled personnel, management of cities, digital/technological skills, the net-flow of international students. Among them, international experience, foreign highly skilled personnel and net-flow of international students are the weakest ranks in 2019. Table 2 shows particularly lower ranks at three factors: international experience, foreign highly skilled personnel and the net flow of international students that are related to GTM.

Table 1 and 2 are here

In summary, the talent index is to analyse the competitive environment on talent and the data shows Korea is a less-attractive and less-competitive country to attract global talent and practice GTM (Solimano, 2010).

Challenge one analysis is applied to the MTM framework, Korea's high status (in terms of political and educational) are not the smoothing path towards high talent index. Figure 1 shows the relationship between the macro positive national environment and Korea's insufficient talent index outcome, which leads to the following proposition and framework reflected on MTM:

PI: Although Korea's competitiveness is high, its talent management capabilities including talent mobility outcomes and talent attractiveness is not satisfactory when examined in the emerging market context.

Figure 1 is here

3.2 Challenge Two: Birth rate, foreign professionals, and international students in Korea

In analyzing the talent capability of a country, decision making is strongly influenced and challenged by key demographic trends, declining birth rates, and increasing longevity (Vaiman, Scullion, & Collings, 2012). Moreover, countries whose demographic trends influence the supply of talent usually aim to introduce new approaches in their talent attraction and retention policies (Tarique & Schuler, 2010). In Korea, the two-child family model was in effect until the end of the 20th century; however, in recent years, birth and marriage rates have become among the lowest in the world (Seo, 2019). Birth rates in Korea continue to decline since 2006 with the figure reaching 0.977 in 2018, which is below the 1.0 mark for the first time in the country's history (Kim, 2020). Furthermore, Korea has also recorded some of the

lowest fertility and the number of marriages in the world (Seo, 2019). For instance, in 2018, the total fertility rate (TFR) in Korea fell below one for the first time to 0.98, which is a decline of 7.1% as the rate was 1.05 in 2017. This fall in birth rate is a serious problem for Korea because the stabilization of fertility at such a low level inevitably results in accelerated population ageing and depopulation (Seo, 2019). Despite the government's efforts to encourage childbirth, the low birth rate issue has not improved in Korea because of the aspirations of its working-class women and residence pattern changes (Kim et al., 2019).

Next, Korea ranks 51st among 52 major economies in the youth population (aged up to 14) in 2018, according to OECD. Korea's youth is accounted for 27.3 percent of the population in 1988; however, falling below the 20 percent mark in 2004 for the first time, and it falls to 12.9 % in 2018. This falls short of the average of the G-20 (21.3%), OECD (17.7%), and EU (15.5%) (Kim, 2020). In other words, Korea is undergoing rapid demographic changes such as fewer babies being born and senior citizens largely making up a growing proportion of the country's population. This trend would dent the nation's competitiveness in the mid to long term (Kim, 2020).

Dent (2015) estimated that Korean consumption will reach a peak between 2010 and 2018, and the country can expect to face its demographic cliff (i.e. a consumption cliff) after 2018 because the population of the age group for Korea, the age from 45 to 49, accounting for the most spending begins to decline (Yoon, 2019). Undoubtedly, Korea is rapidly approaching the demographic cliff where the country's birth rate dropped below 1 in 2018. Moreover, the number of deaths in Korea also outpace new births in 2019. The natural growth of the population (start with the number of births, then subtract deaths) was -0.4% in 2019, so the rate was negative for the first time. Hence, the demographic cliff has now become a reality in Korea (Yoon, 2019).

This is a critical problem because an ageing nation and a rapidly shrinking population will cause deflation that will weaken the economy until the emergence of the next generation of big buyers. After all, young people represent a productive new workforce and higher-spending consumers (Dent, 2015). Therefore, *international migration policy* (known as replacement migration) is discussed by the government to ameliorate the shock of the low birth rate and labour shortage in Korea.

The Ministry of Justice in Korea has developed a fundamental plan for setting a clear, laid-out immigration policy every five years since 2008, in consultation with other ministries. (Seol, 2018). This policy stipulates that the migration of talented workers that the Korean economy and society needs should be actively recruited from around the world (Kwon, 2016). In addition, following democratization in 1987, the Korean government liberalized its emigration policy and lifted all restrictions on its citizens' overseas travels, studies, and migration (Seol, 2018). The 'Employment Permit System' was introduced to allow inflows of foreign workers from partner Asian countries. In 2019, Korea accepted 56,000 foreign workers who live and work in the country (Park, 2018).

As a result, the economic effects of immigration have been mostly positive for Korea in terms of bringing a wave of new talent, increasing the pace of innovation and productivity growth with higher-paying occupations in the long-term (Pennsylvania, 2016). Interestingly, the Seoul metropolitan government has announced a new scheme to nurture 10,000 innovative talents who lead technology start-ups (including foreign start-up entrepreneurs) by 2022. To do so, Seoul is to invest a total of 1.9 trillion *won* (\$1.58 billion) over four years until 2022 and one of seven projects under this investment is the 'global talent pipeline' scheme, which aims to foster 10,000 technology talent in the Bio, FinTech, Blockchain, Artificial Intelligence (AI) and big data fields.

However, several challenges are also raised. First, Seoul ranks as the 7th most expensive city in the world in terms of liveability according to the worldwide cost of living survey in 2019 while according to the same survey, Tokyo was found to be 4% cheaper than Seoul and New York (Perino, 2019). Additionally, the language barrier, expensive international school tuition, lack of cultural and social events for expatriates to integrate into the Korean society, openness of locals towards foreigners who come to Seoul to live and work (Korea-Times, 2016) makes it difficult for Seoul to be viewed as an attractive destination. Consequently, as per the cost of living survey, Seoul was found to be a city with lower productivity and lower quality of living when compared with other major metropolitan cities in terms of talent attraction.

Second, although the number of resident foreigners has been rapidly increased in Korea, the number of high-skilled foreign professionals is relatively low (Kraeh, Froese, & Park, 2015). Also, in terms of the period of residence, 34.3% of foreign professionals stayed for more than a year and less than 3 years in Korea, and 22.9 % for more than 6 months and less than a year, followed by short-term residents in 2017 (see Table 3).

Table 3 is here

This leads to the following proposition and framework reflected on MTM:

P2: Although Korea will be able to attract migrants to live and work in the country due to increased government efforts, the number of high-skilled foreign professionals can be low.

Figure 2 is here

Finally, a large number of foreigners with long-term visas are foreign students (Jeon, 2018). The number of international students at universities and graduate schools in Korea

continues to rise, according to the National Institute for International Education (NIIIE), which is affiliated with the Ministry of Education. This successive growth in student numbers comes after several years of decline, between 2012 and 2014. As a result of the efforts by the Korean government to attract more international students to the peninsula, the student numbers rose by 7.6% in 2015, 14.25% in 2016, and 18.8% in 2017. Although the number of international students living in Korea has been increasing, at the same time, the number of those students who illegally overstay has also increased because of limited job opportunities in Korea for foreigners. For example, the number of international students who overstayed after their visas were 5,879 in 2015 but increased to 13,945 in 2018, and among this figure, about 66% were from Vietnam (Kennedy, 2019). This has prompted the Korean government to tighten visa rules for international students. Additionally, the Ministry of Justice in Korea has also announced a policy to regulate universities after finding out that they were being used as factories for granting visas. As part of this policy, international students are required to deposit at least US\$ 10,000 in a Korean bank and provide a satisfactory level of the test of proficiency in the Korean language (Kennedy, 2019). Based on these arguments, we propose a proposition and framework that:

P3: The macro-level policies in Korea to attract international students will have a positive outcome in terms of numbers; however, it will also have a negative side-effect (e.g., illegal overstay) as immigration is a newly emerged agenda in emerging markets as compared to Western, advanced economies.

Figure 3 is here

3.3 Challenge Three: Talent shortage for Korea in the fourth industrial revolution

Global talent tends to migrate from developing countries to developed, knowledge-based economies, due to the rapid growth of the service sector and recruitment of highly valued employees. At the same time, the demand for talent in emerging markets remains high and there is still a scarcity of high-level and knowledgeable talent in these markets, particularly in Asian countries such as China, Singapore, Malaysia, and Korea (Zheng et al., 2008). Accordingly, the competition for the availability of talent between Dragon and Tiger countries in the Asian region as well as between MNEs and local firms is getting high (Li & Scullion, 2006). Korea is no exception to this. The fourth industrial revolution is described as connected technologies where individuals move between digital domains and offline reality (Xu, David, & Kim, 2018). It is fuelled by quickly advancing technologies, such as AI, robotics, big data, nanotechnology and 3D printing (Schwab, 2017). The country is expected to need around 50 percent more professionals (165,000 experts) in the top five industries: blue-chip, display, internet-of-things (IoT), virtual reality, and next-generation materials sector by 2027 (Yonhap, 2019).

Two of the leading Korean MNEs dominate the global DRAM (i.e. a type of volatile memory used in electronic devices) market. While Samsung earned revenues of around \$52.2 billion in 2019, SK Hynix's revenue amounted to \$22.4 billion, thanks to increasing global demand for memory chips that require the adoption of new technology (e.g., virtual reality and big data services) (Park & Lee, 2017). Both, Samsung and SK Hynix have made significant investments to expand their product lines such as manufacturing 3D NAND and computer chips. Although the growth of these firms and the tech industry, there is a severe shortage of scientists in Korea who design semiconductors. Indeed, to make matters worse, many Korean firms struggle to find domestic talent because there are not many college students who specialize in the semiconductor field, while recruiting overseas talent is often very expensive.

The shortage of workers, therefore, is likely to continue in Korea for the time being (Park & Lee, 2017).

Brain drain from Korea has become increasingly noticeable in various industries. The enthusiasm in Korean society for studying abroad is connected to the assumption that pursuing studies abroad are a short cut to advancement, or in other words, to upward mobility in the society (Seol, 2018). According to Knoema (2019), Korea is ranked 43rd out of 63 countries in 2018 with a score of 4.00 in its brain drain index. That is, the scores of the USA (6.86), Singapore (6.84), Thailand (5.60), and Malaysia (5.56) are above the value of Korea's brain drain (4.81) (Knoema, 2019). This lowest value reflects that as compared to other countries; Korea is losing its high-skilled talent more rapidly. An example of this can be seen in the number of research and development (R&D) professionals who have left Korea for overseas with the number of professionals leaving from 12,312 in 2003 to 18,360 in 2013 (Lee et al., 2016). Similarly, according to the US state department, 5,745 professional Koreans have received 'green card' via employment-based (EB-1 and EB-2) visas in 2018 (Kim, 2019a).

In recent years, reverse migration has become critical for *returnee* immigrants because of the increased appreciation of the potential advantages of their international management experience and networks in their home country (Solimano, 2010). For these reasons, the Korean diaspora can be an asset to the country. For example, after working for a certain period in international firms in the US's Silicon Valley, professional entrepreneurs have gone back to their home countries to launch businesses, establish R&D centers, and operate start-ups with the support of their home government (Seol, 2018).

Consequently, the Korean government introduced policies, such as providing multiple citizenships for Koreans living abroad (Seol, 2013), 'brain return 500' project to hire global top 1% scientists (Lee, 2012), 'Gold Card' and 'Science Card' to make an easy visa process

for high-skilled workers and professionals from abroad (Kang, 2018; MSIT, 2020), and ‘Brain Pool’ to provide family round-trip airfare and four insurances for hired scientists (Kim, 2019b).

However, the government has struggled to bring back returnee migrants. there is evidence to suggest that those returnee migrants who do come to Korea for work return to their home countries within six months to a year due to language problems, poor infrastructures such as lack of good international schools for their children’s education, top-down organizational culture and weak performance-based compensation system (Kim, 2019b). Moreover, Korean organizational culture, such as strict hierarchies, extensive time pressures, lack of adequate communication in English, and lack of diverse and friendly climate demotivates expatriates and returnees to continue to live and work in the country (Kraeh et al., 2015), which shows that Korea’s institutions need more time to develop. Therefore, we suggest a proposition and framework reflecting on MTM:

***P4:** Korea will have a severe talent shortage in the fourth industrial revolution as new government policies will likely fail in attracting and retaining talented foreigners and Korean returnees because of weak existing institutions.*

Figure 4 is here

4. DISCUSSION AND IMPLICATIONS

There has been an absence of underpinning country-level TM studies in the emerging market context, in the established TM literature. This article has identified the gaps through unpacking TM realities in the Korean context. Although Korea is in the transition towards becoming a developed country, it has struggled to adopt Western-centric TM practices. For

instance, the Korean diaspora living and working in foreign countries intends to stay overseas while international students studying in the country have become illegal immigrants. Similarly, Froese (2012) found that language problem and unfamiliar social behavior negatively influences general (non-work) and interaction (social relationship with Koreans) adjustments.

Through analyzing the challenges faced by Korea in its macro TM environment, our article enhances the scope of TM knowledge by demonstrating how the relationship between macro-environmental factors and MTM outcomes are not necessarily positive. However, we argue that firms' active participation in the MTM process can mediate this relationship, as firms are the main actors to hire and retain global talent, particularly, in emerging markets like, Korea. Existing literature has shown that firms can identify key positions within their organization, as well as develop and nurture a talent pool to fill these roles and manage their talent more strategically (Collings & Mellahi, 2009). Although, this requires a clear view of who the talent is and how TM can be operationalized in a specific organizational context (Cooke et al., 2014).

Korean firms and the managers working in these firms, therefore, need to develop a clear vision and strategy for developing and retaining talent, both internally and externally within their firms. In other words, despite the country-level challenges, Korean organizations can make themselves talent-worthy by adopting "best" TM practices.

In this regard, our paper proposes an amended MTM framework (refer to Figure 5) through synthesizing the developed propositions and its frameworks at the country-level analysis, which is tailored to the unstable emerging market institutional environment and the less-attractive cultural environments.

Figure 5 is here

This proposed framework and findings can also help neighboring emerging markets, such as Vietnam and Indonesia, to better understand the potential challenges and figure out ways to map out their GTM/TM strategies. This is particularly important, as even though many of the human resources (HR) challenges faced by firms around the world are not universal, the effective solutions to their problems require context-sensitive interventions (Cooke et al., 2014). Many of these newly emerging markets have only lately started to open their labor markets to the world, yet they have limited experiences to establish government-led TM policies and programs in making them effective. As Korea has experienced numerous challenges at the country-level in attracting global talent, we believe our proposed MTM framework sheds new light on the linkage between how the intervention of firm-level strategies can play a mediating role in determining country-level institutional problems/challenges, macro TM policies and macro-level TM outcomes.

Finally, our article also proposes implications for decision-makers at the policy-level. Recognizing the importance of companies' role in TM is critical for government policymakers, as the best matching between supply and demand of global talent cannot be predicted without companies' strategic HR plans. The Korean government, therefore, needs to create the right motivation for Korean firms and foreign MNEs so that they can attract the right talent. This includes creating talent-friendly policies such as, immigration as well as investing in infrastructure and other resources that lead to the retention of global talent. For example, the USA congress greatly revised its immigration legislation to increase the number of employment visas available to foreigners with degrees in the STEM fields, namely science, technology, engineering, and math. And, while the USA is a nation of immigrants, countries like Germany and Japan with a stronger sense of ethnic nationhood have also been working hard to attract talented immigrants. However, despite the ubiquitous slogans about attracting

foreign talent in Korea, actual progress has been minuscule. Therefore, the Korean government must aim to create an environment that is sustainable for TM.

5. CONCLUSION

The state has a crucial role to play in overcoming the talent crisis brought about by the ageing population. This problem cannot be resolved by leaving it to the free market or the civic society; it demands changes spanning public policy in its entirety. The government will have to play an active role if Korea's migration policy is to secure a substantial number of highly educated and skilled workers while maximizing the beneficial effects of migration and minimizing its negative ones. The first step must be taken by the government, as it frames and implements its migration policy. First, the Korean government needs to recognize the importance of outgoing migration and actively manage it. Young people and professional and skilled workers who get jobs overseas can become permanent or family-based emigrants at any time. When they emigrate permanently or bring family members to join them, the benefits accrued from wire transfers back home shrink or disappear altogether. If the Korean government is not proactive in implementing a policy for the Korean diaspora and does not attempt to draw foreign talent and entrepreneurs to Korea, the conversion from the "brain drain" to the "brain circulation" will not occur. In that regard, it is necessary to encourage Koreans to go overseas while, at the same time, developing a wide range of programs to prevent a brain drain.

Next, the migration policy needs to be adjusted in light of the effect that "incoming migration" has on Korea's society and economy. This policy debate should focus on how many migrants should be accepted into the country, with what kind of experience and skillset, and in what fields in consideration of the migrants' level of training and conditions in the domestic labor market. There should be different methods in place for low-skill migrant workers,

professional and highly skilled workers, and marriage migrants, which will require making decisions about what policies to implement. In general, an influx of migrants expands the domestic market. Moreover, when the domestic market expands, the profitability of R&D and consequently its investment expands along with it, which has a long-term effect on the productivity and per capita gross domestic product (GDP). When migrant workers become long-term residents, they assume a larger role not just as workers but also as consumers. When migrants spend part of their income in their host country, it has a ripple effect on the labor market. Furthermore, the low labor cost of migrant workers also has the potential to boost the supply of products, which causes product prices to drop and enables Koreans to buy goods for less. On top of that, the influx of migrants has the effect of increasing society's cultural diversity. Although if the productivity of the migrant worker is so low that it drags down labor productivity overall, or if government transfer payments to migrants increase rapidly, the influx of migrants cannot be expected to bring about an increase in the per capita GDP. Since migrants typically bring their family members with them rather than staying alone, the state is obliged to provide their family members with social welfare benefits. Additionally, since migrants are entitled to receive social welfare benefits when they retire, the state might end up spending more on migrants' social welfare than the migrants previously contributed to the host society through their economic activity, given the increase in life expectancy. Considering further that most of the migrants' jobs are in poorly paid sectors, the percentage that they contribute to the host society might be even lower.

For Korea to maximize the effect of an influx of immigration in light of these considerations, it needs to run a worker rotation system similar to that currently used by migrant workers while simultaneously letting in long-term migrants who have the option of settling down permanently. Furthermore, there needs to be a social integration policy to help long-term migrants settle down successfully. The state needs to upgrade its civil rights system to ensure

that migrants can enjoy all their social, economic, and political rights and duties. Along with this, the government must strive to reduce the social conflict and cost that result from incoming migrants (Seol, 2014). Immigrants have an impact on their host country in a wide range of areas, including lower wages for domestic workers, unemployment, housing, the school-age population, crime, the breakdown of culture and community, welfare spending, public services, and public finance. The Korean government must identify the negative effects that could be caused by the influx of migrants and make an effort to prevent or resolve them. The government must bear in mind that tardiness in these efforts or failure to integrate migrants into society could cause the conflict between migrants and Koreans to emerge as a social problem (Seol, 2018).

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Table 1. Korea’s global talent competitiveness index 2019

| Year | 2015 | 2016 | 2017 | 2018 | 2019 |
|------|------|------|------|------|------|
| Rank | 23 | 27 | 25 | 26 | 30 |

(Source: Adapted from INSEAD, 2019)

Table 2. Korea’s ranking on the talent index

| Talent | Rank |
|--|-----------|
| Educational assessment PISA-Math | 6 |
| International experience | 52 |
| Foreign highly-skilled personnel | 49 |
| Management of cities (e.g., Seoul and Busan) | 17 |
| Digital/technological skills | 26 |
| Net flow of international students | 50 |

(Source: Adapted from IMD Report 2019)

Table 3. Period of foreign professionals stay (unit: %)

| Year | Less than 6 months | 6 months ~ 1 year | 1~3 years | 3~5 years | 5~10 years | Over 10 years |
|------|--------------------|-------------------|-------------|-----------|------------|---------------|
| 2016 | 1.3 | 18.6 | 37.4 | 19.8 | 18.2 | 4.7 |
| 2017 | 2.6 | 22.9 | 34.3 | 13.2 | 21.8 | 5.5 |

(Source: Adapted from Ministry of Justice, Korea)

Figure 1. Proposition1- Korea’s macro environment and its TM outcome

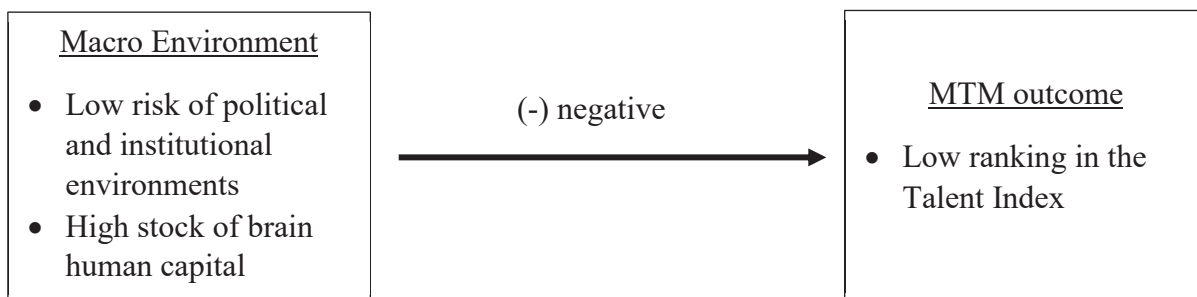


Figure 2. Proposition2- migration and its dual TM outcomes

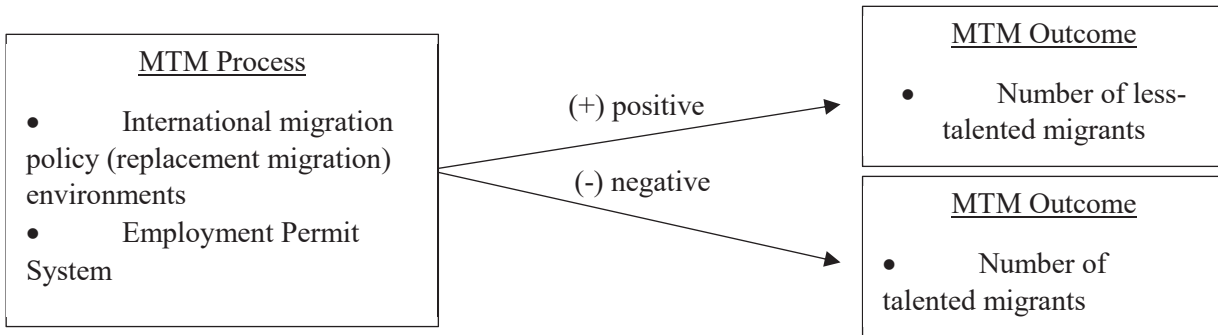


Figure 3. Proposition3- dynamic trial and error process to be effective

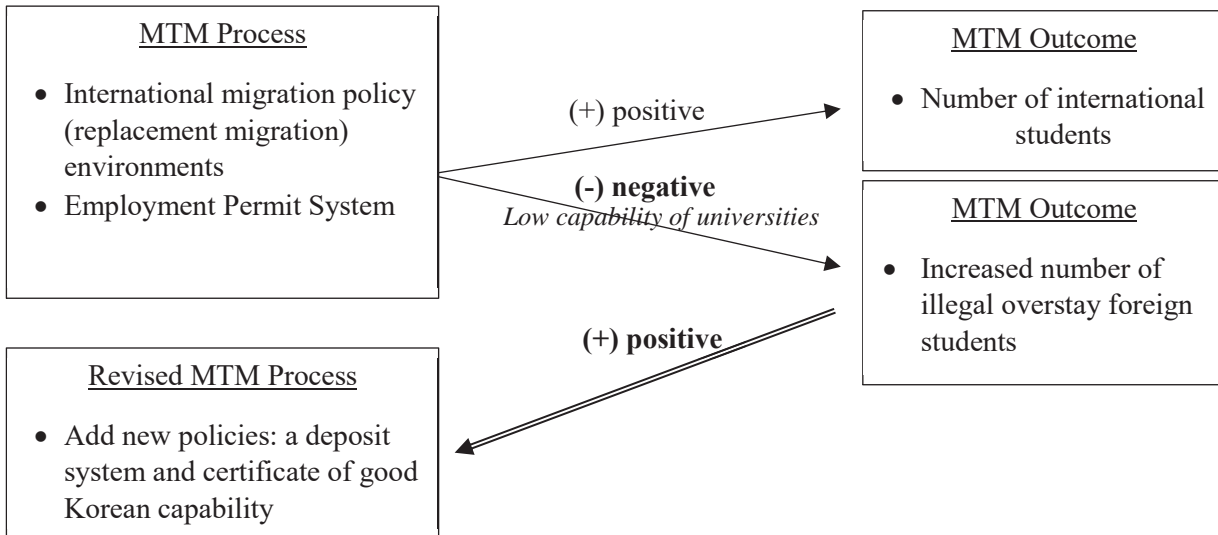


Figure 4. Proposition4- government policies and interventions

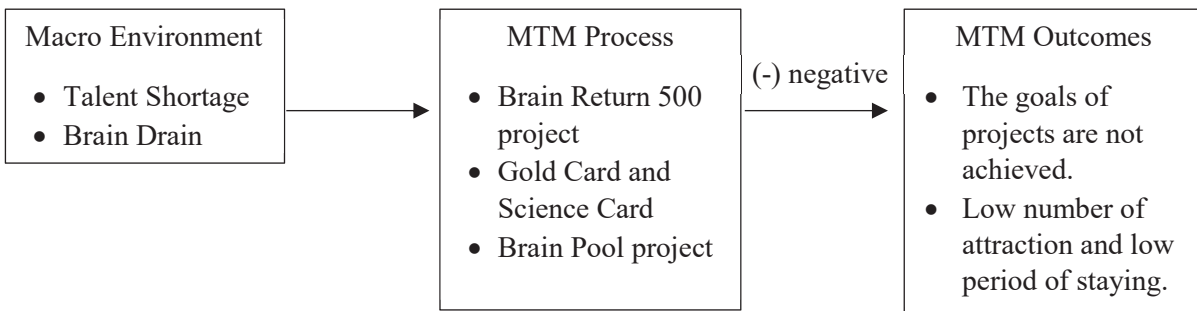


Figure 5. The revised MTM framework

