

CHAPTER 2 LITERATURE REVIEW

2.1 Strategic talent management.

”Strategic Human Resource Management and its Theoretical Foundation” (Zhang&Liu, 2005) holds that: Strategic talent management is also called strategic human resource management. The strategic human resource management came into being in the middle and late 1980s. In recent 40 years, the research on the field of strategic human resource management has been deepening, its strong role is becoming increasingly prominent, and the development of theory is advancing rapidly. In general, the theory of strategic talent management mainly includes the basic theory of resource, the theory of behavioral role, the theory of human capital, the theory of general system, the theory of transaction cost, etc. This talent management theory plays a fundamental role in promoting academic research and development of strategic human resource management, and is still in full swing.

2.1.1 The basic theory of strategic resource.

The theory originally applied to strategic talent management is the resource base theory often mentioned in the literature of enterprise economics and strategic management. Why human resource management activities can influence corporate performance is a powerful explanation of resource-based theory. The theory of resource base emphasizes that the competitive advantage of the enterprise is produced by the internal resources of the enterprise. Therefore, the assets, abilities, internal procedures, skills and knowledge of the enterprise can be controlled by the enterprise, and the formation and execution of the enterprise strategy will help to establish the human resource management system to influence the enterprise performance. Advantageous resources. Therefore, the resources that form the competitive advantage of enterprises are not only tangible resources, but also intangible resources. The resource-based theory also divides three kinds of enterprise resources, including entity capital, human capital and enterprise capital. The entity capital refers to the factory, the equipment, the technology and the geographical position; the human capital refers to the experience, judgment and intellectual knowledge of the enterprise members; and the enterprise capital includes the structure, the planning, the control and coordination system, and the informal relations among the groups. The human capital and enterprise capital show the possible contribution of human resource management to the establishment of competitive advantage. Because human capital represents the competitiveness of employees themselves, the enterprise capital represents the human resource system which is used to develop and integrate human capital. Therefore, human resource management activities are indeed able to meet the characteristics of resource value, sparsity, impossibility of being imitated and competitors can not be replaced. Enterprises

can establish their own lasting competitive advantages through the human resource management system, thereby enhancing the performance level of enterprises.

Wright & McMahan believes that if individual ability distribution presents a normal distribution, it is possible to think about whether human resource management practices can create competitive advantages through four directions: (1) some human resources should create a lasting competitive advantage. It must be that the resource can provide value for the enterprise and the demand for the labor force is necessary. It is heterogeneous and must have heterogeneous labor supply. (2) these human resources must be scarce. If the distribution of human resource ability is really distributed, the high quality human resources are relatively scarce. The goal of the selection system of the enterprise is to hire good employees, but can not really attract and retain good people. It is a question worth thinking. Question. In theory, if an enterprise wants to hire good talents and create advantages, it must adopt an effective selection system, that is, an attractive salary system. (3) in order to maintain competitive advantage, human resources must be transferred. Wright & McMahan believes that human resources can be moved by historical circumstances, causal ambiguity and social complexity. The unique historical situation refers to the policy, activity, or practice of an enterprise which often originates from a particular historical event or factor. In these situations, the human resource practice is often not the other business that it can learn at will, and is not easy to change because of the movement of people; the fuzziness of cause and effect refers to human resources and competitive advantages. The causal relationship is vague and the resources are not easy to move; the complexity of the society means that some competitive advantages originate from complex social relations, such as team production, which are not easy to copy, and are not easy to move because of the individual's movement. From this we can know that the competitive advantage created by human resources is not easy to imitate. (4) if it is to be a source of competitive advantage, resources must not be replaced. If a company has high-quality talents, once the other competitors develop new technology and increase productivity, the enterprise will lose its competitive advantage, but if the technology can be imitated, the enterprise can develop and develop it by obtaining technology. Make it regain its competitive advantage. That is to say, technology is likely to be replaced, and human resources are the source of lasting competitive advantage.

From the analysis of the above scholars, it is not difficult to find a unique advantage: the organic combination of human resources and human resource management activities, which is manifested as the use of the "human resource scarcity + human resource management (system)" when interpreting human resources as the source of the competitive advantage of the enterprise. Imitating. The author believes that human resources represent the possibility of competitive advantage of enterprises, and human resources management activities make this

possibility into reality. "Human resources + human resource management activities" has formed the competitive advantage of the enterprise.

2.1.2 Behavior role theory

Another theory commonly used in strategic human resource management is the theory of behavioral role, which is mainly derived from the theory of contingency role transformation. Social psychology scholars define role behavior as an appropriate relationship between a person's behavior and other people's actions, which can produce predictable results.

The main argument role theory is: the behavior of employees is the intermediary strategy and corporate performance variables, and human resource practices is to induce or control the attitude and behavior of employees, business characteristics and business strategy will lead to different attitudes and behaviors of different needs, we can infer the system of strategic human resource management. Due to personnel, attitude and behavior of each strategy need different enterprise human resource practices will be changed. That is to say, human resource management is to deliver role information, support the desired behavior, and audit role performance to achieve the goal of the enterprise. Miles & Snow also put forward a similar behavior view that human resource practices must be changed with different strategies, because enterprises must develop different behavioral skills through human resource practices, so that strategies can be promoted. Therefore, effective human resource management can help employees meet the expectations of the stakeholders and produce positive effects. Behavioral role theory is very important for understanding the impact mechanism of human resource systems on enterprise performance.

2.1.3 Human capital theory

Human capital theory holds that the skills, knowledge and capabilities of members are economic value, and human resource management activities have a positive relationship with the promotion of human capital. The human resource management activities to improve human capital are most favorable to the performance of the enterprise. The results of previous empirical studies also show that there is a positive correlation between these activities and corporate performance.

How to understand human resources management activities can achieve investment in human capital of enterprises, different scholars have little difference in interpretation. The study of Cascio et al, that the human resources management theory is often applied to such as selection, training, salary and other activities of human resource management, and strict

selection, extensive training and competitive compensation can represent the direct human capital investment. Although enterprises implement such human resource management activities, enterprises do not really increase human capital, because they are allowed to have limited flow among enterprises. Even if employees stay in an enterprise, their performance depends on their willingness. Therefore, activity oriented performance evaluation, incentive salary, even retention of employees and incentive staff should be considered as another way of human capital investment.

Huselid believes that the so-called efficient human resource activities can improve the performance of the enterprise through three aspects, such as employee skills, incentives, and work enterprises. To enhance employee skills, by acquiring or developing to improve staff skills in human capital; incentive, human resource management activities can encourage employees to work harder and more efficiently; in the work of the enterprise, also can improve the enterprise structure and work by providing encourage employees to participate in work activities and improve. In order to reduce enterprise employees to learn specific skills, to avoid the risk of employee turnover, human activities in the implementation of enterprise investment at the same time, it is necessary to provide employee protection, such as internal promotion, career planning and other activities, in addition to improve employee learning skills exclusive motives, and can maintain long-term cooperation between enterprises with the staff determined. Huselid pointed out that even if employees have highly skills and knowledge because of their investment in human capital, but enterprises do not give employees opportunities to make full use of their exclusive skills and knowledge, the investment benefit of human capital will not play. Therefore, the work structure within the enterprise will be an important activity to help the effective use of human capital. For example, a broad definition of work, employee participation, team work, and status equality are all important keys to human capital investment.

Therefore, the difference of human resource management activities can also reflect the level of human capital investment, and we can analyze the different types of human capital investment through this analysis. Snell & Dean pointed out that human resource management activities such as selection, extensive training, developmental performance evaluation, salary external equity and internal equity have the utility of human capital investment.

2.1.4 General system theory

The general system theory holds that human resource management is a sub system under a large enterprise. Wright & Snell puts forward an open system view to describe the competitive management mode of an enterprise, where capability and skill are regarded as "input", employee behavior is regarded as "transformation", and employee satisfaction and work

performance are regarded as "output". In this system, effective management can include: (1) can be obtained; (2) can be used; (3) to maintain; (4) can be eliminated. Effective management behaviors include: (1) behavior control, such as the use of assessment and compensation system; (2) behavioral coordination, such as the use of assessment and enterprise development; in these management activities, human resource management has played an important role. Therefore, that the general system theory, human resource management system can be achieved through the use of competency, retention and conversion, personnel and other functions, improve enterprise efficiency.

2.1.5 Transaction cost theory

Transaction cost theory is from the point of view of finance or economics to see the process of human exchange in enterprises, mainly to explore what environmental factors can prompt enterprises to carry out internal exchange to reduce transaction costs. Jones believes that limited rationality and opportunism are obstacles to human exchange. Limited rationality indicates that personal information processing is limited, so decision making may not be the best; opportunism means that people are self interested and will pursue their goals in a crafty way. These factors may result in high transaction and agency costs if special environmental factors are encountered. If the uncertainty is high, the limited rationality will make the future situation of the enterprise unpredictable, often make wrong decisions, cause significant losses for enterprises, and when there are few transactions, opportunism will often lead decision-makers to develop high cost and high-risk short-term contracts. Transaction cost is the cost required by groups for negotiation, supervision, evaluation and forced exchange. Transaction costs will make the group internalize the transaction cost. As is known to all, agent is also a kind of transaction in essence. The agency problem is that when a group needs another group to serve in an unstable situation, while both are selfish, agency cost is the cost needed to establish effective contractual relationship between the two parties. Jones & Wright believes that the agency costs are likely to occur in human resources, staff behavior and performance; because of opportunism, enterprises in hiring, candidates tend to exaggerate their abilities, causing employers to spend more time in the selection of cost; some skilled workers through related to assets investment, agency cost will increase; because monitoring and evaluation of staff is not easy, in order to ensure the performance of employees, the cost will increase. It is also because of this, the emergence of a special agency of human resources management "intermediary agencies".

The transaction cost theory can explain the control of the enterprise, so it has far-reaching significance in the design of human resource practice. Because of the transaction costs and agency costs, enterprises will choose the appropriate governance structure, supervision,

evaluation and execution in order to deal with the formation process of the lowest cost; each enterprises to overcome the limited rationality of management structure, but at the same time to prevent the opportunism behavior produce. In order to solve such problems, the need to develop some formal and informal contract with the system, and the activities of human resource management can effectively manage relationship between employers and employees, employees can make individual contributions can be clearly defined, and appropriate to give compensation, otherwise people will not have the incentives to improve performance and human resources the practice can also be used as a method to measure performance, through these methods can make the behavior of employees and business goals are consistent. Therefore, human resource management can make use of the utility, reduce the transaction cost and promote the benefit of the enterprise.

2.1.6 Modern "whole company" concept of strategic talent management.

The most important corporate resource over the next 20 years will be talent: smart, sophisticated business people who are technologically literate, globally astute, and operationally agile. Yet various indicators, from aging Baby Boomers to abysmal U.S. math and science scores, tell us that top talent, already scarce, will only become more so in the years to come.

Talent management and planning should be closely aligned with the company's strategic plan and business needs and consider the broadest range of potential of all employees within the firm—not just senior executives. And managers at all levels should be held accountable for the development of talent within their workgroups, with senior leaders actively participating in the process.

This "whole company" approach to talent management is quite different from the traditional approach, which typically focuses on a linear talent procurement process (acquire, deploy, and retain). This traditional process is highly reactive and absent of any form of actual workforce planning. Conversely, a "whole company" approach to talent management is proactive and defines talent as those employees (regardless of level) who have the potential to influence business outcomes.

2.2 American hegemony and "America First", and Chinese "building a Human Community with Shared Destiny "

"Changes and impacts of US trade and related policies after Trump took office"(Song, 2017).After Trump came to power, the US trade policy will change from the long adhered rule based multilateralism to the strength based bilateralism; the trade friction between China and

the United States will increase, but there is also the possibility of deepening the cooperation. Such a change in US trade policy is a turning point or a flash in the pan.

"The impact of Trump's presence on Sino US direct investment" (Zhou,2017) . Trump was elected president of the United States. He advocated trade protectionism and industrial relocation. It will have a huge impact on Sino US direct investment relations. Trade protectionism will stimulate China's direct investment in the US, but the growth rate will slow down.

"Global public sphere has become a new theory of American hegemony -- Comment on the new US security center and its strategic design in Northeast Asia" (Cao & Xia,2011) .A new American security center with a strong military background is a new American security center, focusing on the Asia Pacific region, paying high attention to the rise of China, updating the "global public domain" theory, and encouraging the United States to renew and strengthen the United States Japan alliance and the United States and the South Korea alliance, so as to carry out the global hegemony of the United States.

China is pushing" The Belt and Road regional economy "and "building a Human Community with shared destiny" (Xi,2017).

2.3 Lotte conglomerate(From Wikipedia, the free encyclopedia).

The Lotte Group consists of over 90 business units employing 60,000 people engaged in such diverse industries as candy manufacturing, beverages, hotels, fast food, retail, financial services, heavy chemicals, electronics, IT, construction, publishing, and entertainment. Lotte's major operations are overseen by Choi's family in South Korea mainly by his only son, Choi Seungcheol , with additional businesses in China, Thailand, Malaysia, Indonesia, Vietnam, India, US, UK, Russia, Philippines, Pakistan and Poland (Lotte bought Poland's largest candy company Wedel from Kraft Foods in June 2010). Today, Lotte is the largest confectionery manufacturer in South Korea, and is the third largest in Japan behind Meiji Seika and Ezaki Glico in terms of sales revenue when only the sales of Lotte's confectioneries are counted.

The Lotte Group's Corruption scandal: In June 2016, companies of the group were raided by South Korean prosecutors, investigating into a possible slush fund as well as breach of trust involving transactions among the group's companies. The investigation forced its Hotel Lotte unit to abandon an initial public offering and Lotte Chemical Corp to withdraw from bidding for Axiall Corp Vice chairman, Lee In-won, was found dead in August same year. He was suspected of suicide just hours before being questioned by prosecutors. Lee was considered the

top lieutenant of Chairman Shin Dongbin.

Audun Ruud said in his Transnational Corporations, "The features of national politics are increasingly influenced. The transnational enterprises should understand the direct impact of TNCs' activities on sustainable development, first of all we need to understand: (1) The feature of the transnational organization. Then we need to study. (2) Transnational transfers. What is transferred internally within the firm – including intra-firm trade? Then we need to study. (3) Transnational local demand. To what degree do the TNC procure goods and services locally? (4) Transnational investments. What is de facto ploughed into local and the hosting economy/society? These are four necessary, but still insufficient questions to answer. So, Sustainable Development is not created automatically. It is a large extent a question of politics". for example (Table 2-1).

(Table 2-1. The influence of political factors on the proportion. source: Audun Ruud, 2006)

Factors influencing the environmental practice of TNCs in India: (findings based on fieldworking among 53 TNCs in 1999)	
Policy and practices of TNC headquarters:	50 per cent
Regulations	23 per cent
Local Management	13 per cent
NGOs	6 per cent
Consumers	6 per cent
Fear of accidents	(only) 2 per cent