NEW PARADIGM OF HUMAN RESOURCES MANAGEMENT

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Overview of Human Resources Management in Korea

Korean companies, like Japanese companies, have provided their employees with strong job security for decades. Most workers regarded the first company they worked at as their permanent workplace. Therefore, companies or employees had little need of strategic or dynamic human resources management (HRM). However, recent tough economic conditions brought about fundamental changes.

Prior to the declaration of democratic government on July 29, 1987, most domestic companies mainly aimed at quantitative growth in sales and productivity. The practice of HRM in the past was generally unsystematic and could not accommodate the various needs of workers. The seniority system governed most organizations. Educational background and experience had priority over individual capability and performance; subjective variables played a significant role in evaluation and promotion. To accomplish corporate goals, individuality was pushed behind. Therefore, constructive labor-management relationships proved to be impossible in such HRM environment.

The rapid democratic movement in the Korean society helped change the old HRM style. As the voice of labor workers grew stronger than ever, many companies had to adopt new views on HRM and executed various restructuring programs such as early retirement, organizational restructuring and spinoff. Particularly in large companies, the seniority system was replaced by a merit system based on individual performance. However, all those new programs were mixed with strong traditional values because there was not enough deliberation. So, the original intentions of the changes did not materialize and HRM was not able to develop effectively.

Through the economic crisis in 1997, a new paradigm emerged and challenged the Korean

Graph 1. Historical Overview of HRM Development in Korea

	One-way Approach (Before 1987)	Transitory Period (Between 1987 and 1997)	Interactive Approach (After 1998)
Concepts	- Focus on growth - Unsystematic HRM		- Core competence - Information sharing - Portfolio approach
Perspective	- Cost-centered / Short-term		- Strategic / Long-term
Evaluation	- Seniority system		- Merit (performance) system
Training	- Unsystematic		- Well-organized
Organization	- Hierarchy / Vertical		- Network / Horizontal

HRM system. In particular, information technology (IT) and knowledge management called domestic organizations to make fundamental changes in management. External competition became fierce and the nature of workers changed greatly. The so-called X and N Generations appeared as major players in business. As organizations become more flat and flexible, open short-term recruiting methods, such as the intern system or outsourcing, and career management became popular issues. Merit system and objective evaluation system were increasingly embraced by many organizations.

Characteristics of current HRM

Information technology has made the HRM process more transparent. Computer networking using data warehouses contributed to online recruiting and training, which facilitated handling of human resources information. Moreover, the discontinuation of the seniority system stimulated the flexibility of the labor market. Career workers can relocate more easily to other companies in line with their long-term objectives. Anyone can have access to information via the Internet. At the same time, outsourcing was recognized as a key tool for improving cost competitiveness and managerial efficiency. Most organizations tried to optimize the internal core resources. To respond to the intense external competition, the concept of the ideal worker changed from that of a loyal, hard worker to a creative, versatile worker.

Human resources policy related to recruiting, training and maintenance strategy has also changed. For example, most domestic enterprises including Hyundai, Samsung and LG announced their human resource policies on their Web sites. They also recruited employees on the Web, improving operational effectiveness and emphasizing career workers. One good example is the Samsung Business Group: online recruiting

led Samsung to cut 90% of their recruiting cost.

In the past, HRM was treated as a cost-centered function, which simply supported other business functions. HR managers also acted as staff members rather than leaders. They waited for would-be employees and acted in a very high-handed manner. However, people are realizing that the key success factor of future risk management will be human power. Furthermore, as IT-based management is spreading, effective HRM should be understood from a strategic perspective.

New paradigm of HRM strategy

The risky business environment of the present and future can be both a threat and opportunity to HRM. It will be more difficult to find the "right people". Under these circumstances, the major management issue will be to find the best mix of human resources. Acquiring, training and keeping the right human resources will be a critical process for global enterprises. Therefore, if a firm can manage human resources more efficiently, strategic human resources management can lead to stronger organizational competitiveness.

First of all, HRM should coincide with the company's vision and strategy because vision and strategy, cannot be realized without excellent human resources. Before designing an HRM strategy, managers should be consistent with the corporate vision and strategy. To achieve this goal, human resources managers should participate in strategic meetings as formal strategic partners. Also, the human resources function should be re-conceptualized as a profit-centered function.

Just as knowledge acquisition is important, so is knowledge sharing in producing a higher synergy effect in operational performance. The learning experience of employees, a key factor in terms of effectiveness, can be enhanced by sharing knowledge. Fortunately, sharing

information and knowledge within the organization can be made easier by a network-type organizational structure. Thus, enterprises should address the issue of knowledge database for information and knowledge management.

When managing human resources, companies should focus on exploring their employees' creative potential. Therefore, fresh ideas and suggestions from the employees should be regarded as invaluable intangible assets. A flexible organization, open culture and empowerment can foster creative thinking; an effective incentive system can also play a key role in incubating employees' creativity. Companies should try to create an environment that encourages liberal thinking by the employees.

With the advent of the Digital Age, and digitization of organizational culture, structure and strategy is not an option but a requirement. Digital technology should be applied to recruiting, training, learning and other HRM-related activities. First of all, because commanding real-time human resource pools can be made efficient by digital management, organizations can take advantage of the flexible labor market. By using human resources data, companies should develop and operate their own career development programs based on the nature of their industry and culture.

Conclusion

Human resource management will be a crucial lever for sustaining the competitive advantage of companies in the Digital Age. Companies can no longer survive in such intense competition without a systematic approach to managing their human resources. As the corporate human resource structure has changed on account of temporary workers like interns, contract-based and outsourced workers, human resource managers should consider human resources portfolio management with effective career development programs.

Consequently, each company should try not only to model its ideal type of worker in accordance with its business and organization, but should also encourage and compensate their creative employees so as to lay a solid foundation for sustainable prosperity. At the same time, domestic companies must find an effective combination of traditional culture and new trends.They should also consider overall integration by adding group incentive systems such as profit-sharing programs, rather than solely reflecting individual performance by the merit system. Finally, strong leadership is needed to manage such a human resource philosophy. (VIP)

Graph 2. Future HRM Model