

NEW TRENDS IN HUMAN RESOURCES MARKETS

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Always ready in cyberspace

For a long time, we have been familiar with the daily papers' advertisement of new recruiting every fall. After collecting information, students of four-year colleges chose a few companies after considering factors such as size, working conditions, corporate image and financial benefits. They mailed hand-written resumes at the post office and received the results of their applications one or two weeks later. However, such a phenomenon will soon remain only in memory.

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Now, anyone can access recruiting information through the Internet and use e-mail to send their resumes at any time. Besides, with the emergence of venture businesses related to information technology as potential employers, the labor structure and perspectives to employment are changing rapidly. In a sense, information technology has made remarkable progress in the business process. At the same time, widespread Internet applications have led to fundamental innovations in human resource management. Under these circumstances, the model of the ideal worker and successful employee is changing and a new strategy for managing human resources is needed.

What happened in HR¹⁾ markets

• From large business group events to individual recruitment

In the past, the strategic planning offices of most major business groups conducted regular recruitment events by touring college campuses. After hunting new employees, those groups trained them together in the group's education center. Most expected graduates applied to the business group, not to an individual division. However, as companies now need employees with more specific skills, it is unreasonable to select employees through large business events once or twice a year. Most companies conduct open recruitment programs every day and tend to focus more on experienced workers than new employees because they realized that it is more competitive to recruit professional experts in the open market without additional training or learning periods. For example, the Hyundai business group announced the abolishment of group recruitment. Instead, it will pick up professional workers whenever needed.

1) HR: Human Resources

• **From general workers to core workers**

During economic restructuring, most domestic companies depended on the intern system and outsourcing to downsize inefficient non-core functions. Temporary contract workers were utilized in many cases. In 1998, about 20% of total new employees recruited by the 30 major business groups were interns. In addition, firms tried to outsource non-core workers. Currently, outsourcing is accepted as a major means of corporate restructuring in domestic business. Core workers are those who generate the organization's competitiveness and competence with their creativity, new ideas, and specific knowledge. They build up effective career paths from long-term perspectives. Even the recruiting of the top manager and executives from outside and foreign countries occurs frequently.

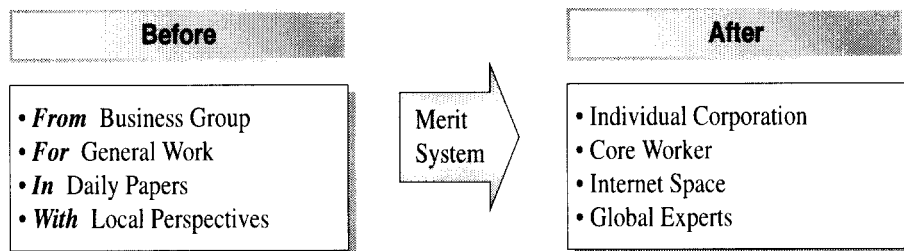
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• **From newspaper to Internet-based recruiting**

In the past, the major channels of employment information were the daily newspapers or the information offices of universities and colleges. So, job-seekers had to read the newspapers carefully. Now, they can catch any information on the Internet by clicking web-sites. Surfing the Internet and sending e-mail are the only steps needed for to apply for a job. Because applying by Internet makes the recruiting process simpler, the results of applications are also announced sooner.

For example, the Kolon group has adopted an open recruitment system²⁾. Its WITH(Web Introduction about Tasks & Hiring) system makes it possible to manage the talent pool through an HR database. Every month, the group announces the number of job openings and their fields on the Internet, receives applications through the Internet, and enters them into the database. Among 500-600 applicants every month, it selects 10-15. Interviews are conducted directly by mid-level managers involved in the specific areas. According to the Hyosung group, 54% of all applicants in late 1999 registered by the Internet.

Figure 1. The changes in domestic HR Markets



2) The magazine of Human Resources Management, June 1999

What has caused this phenomenon?

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One of the major reasons is the improvement of the information technology. Most companies adopted IT systems to improve managerial efficiency. The economic crisis in late 1997 also brought a critical change to employment practices. The lifetime employment system that existed for a long time in Asian countries was replaced by a performance-based system, which led to flexibility of the labor market.

Fierce competition in the market forced companies to become more competitive to survive and sustain profitability, and it did not take long before they realized that core competence came from diversity and creativity. Firms needed to acquire talented workers with unique personalities and original thinking. It is the quality of workers, not the number of workers that decides competitiveness. Practical requirements like creativity, new ideas, and various social activities have become more crucial than educational background or school records. Domestic businesses like Hyundai Securities and the Doosan business group are using idea-based blind recruiting that emphasizes individual personalities without unnecessary restrictions on age, sex, educational background, or other qualities.

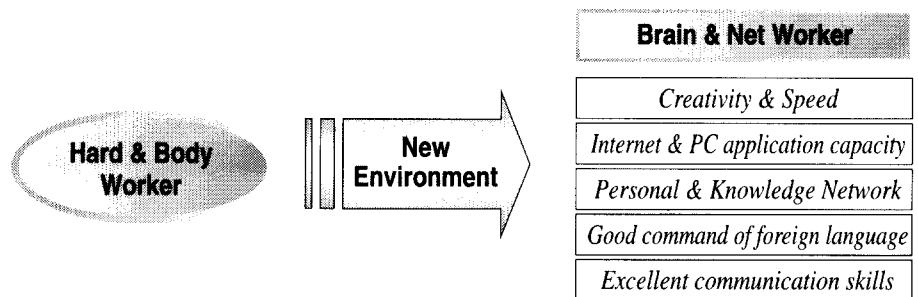
What are the expected advantages?

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First of all, these trends will increase the flexibility of the job market. Competitive workers can move from one company to another with less friction. Second, firms will adopt more efficient salary and evaluation systems to cope with such trends. In the past, employees accepted their evaluations without complaints because promotion was by seniority system. Now, however, employees must pay attention to their evaluations and can demand re-negotiation because evaluations are directly linked to annual compensation and promotion.

Third, the new trend brings better managerial efficiency of human resources at a lower cost. Firms can choose the right person at the right time and can control the overall strategic planning of human resources. Finally, current workers not only have more chances to pursue their dreams, but can also manage their career paths effectively from the long term perspective. Analyzing what actual needs are, they

Figure 2. The brain worker needed in the new environment



spend more time exploring their skills and competence to keep up with the changing business environment. Currently, the human resources market faces continuing demand for additional job qualifications such as command of computer applications and foreign languages.

Strategic issues for domestic companies

Such trends in the human resource market will continue in the future. Therefore, human resources must be managed from strategic and global perspectives. As mentioned above, desirable employees in highly competitive markets will be those with creativity, free thinking ability, knowledge in their special field, and global sense rather than those who just follow the organization and have general knowledge. This means that companies should explore effective interview and resume analysis skills to capture such workers. In addition, companies must improve their Internet websites to provide more useful information to applicants and to screen them efficiently with advanced techniques.

Another strategic issue concerns barriers to building a creative organizational culture. Until recently, the ratio of women to total workers was much lower in Korea than in advanced countries, while cooperative programs between companies and educational institutions were not undertaken actively, causing discrepancy of supply and demand. Therefore, companies should think of ways to better utilize career women and internships, which can be sources of fresh and objective ideas. In addition they should develop training programs linked with universities or colleges because they can be valuable sources of creativity. Promising and practical workers can be incubated through these programs. One example is the “Sandwiches program” of Kyungpook National University, which connects school, students and corporate fields. More than one hundred companies participated in the program this winter.

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Meanwhile, employees must try to pursue the best career paths by continually developing and gaining new knowledge & technology required in the information age so they can maintain a balance between career flexibility and stability. **VIP**