

A Study on the Strategic Human Resource Management of Globalization

-Focused on Japan-Korea-United States-

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Abstract

The successful knowledge and information based companies facilitate to restructure the industry and strengthen the national competitiveness in the future. The advent of information age provides us new challenge because the information breakthrough can play a pivotal role in terms of knowledge transfer in the human resource management. Executive officer must present long term vision in order to expand enterprise continuously and establish long term management goal and strategy which are appropriate for key organizational skills of future management environment (Pfeffer, 1998). Also, long term talent management based on vision, goal and strategy and talent development strategy and employment management must be established (小池, 1994). American HRM system's reformation cannot be defined without scientific management policy. However, currently widely discussed Japanese HRM system's reformation cannot be defined without organizational commitment focused Japanese employment system. (津田, 1992 ; 太田, 1994). Japan's development of the following policies are behind comparing to Europe : ①Skill based talent management regardless of age, sex, nationality, race and academic background ②Consideration of retirement age of 64 ③Creativity and freedom promoting talent management policy. Also, there are problems to be solved. Solutions will be searched for by establishing new wage policy based on tasks and individuals in the basis of lifetime employment system.

Key Words : Human Resource Management, Labor Market, Mobilization, Neo Internal Labor Market, Talent Management, Talent Portfolio

I . Introduction

The successful knowledge and information based companies facilitate to restructure the industry and strengthen the national competitiveness in the future. The advent of information age provides us new challenge because the information breakthrough can play a pivotal role in terms of knowledge transfer in the human resource management. Necessity of talent mobilization has been introduced in order to expand new business by rapidly confronting market changes due to today's globalization and information oriented society.

Fundamental strategy for up to date industrialized society is mass production and export orientation of the standardized goods and in order to support above strategy, improvement of the international competitive power has been required. In order to improve international competitive power, business policy called as cost reduction has been utilized by improving quality of the products with perpetual reformation and improving productivity with highly dense labor and rapid operation. According to talent management's perspective, formality of the management described above has been preserved by the system called as 「Lifetime Employment System」.

Industry offered employment security and settlement of the employees admitting such security, are required in order to materialize lifetime employment system. Industry has been guaranteed employment during recession by utilizing various adjustment of the employment in order to prevent employment reduction.

In other side, advantageous long service employment system has been created to suppress labor mobility. Government policy has acted in unison of the system. Different wage reduction policies of various employers such as advantageous retirement grants for long service, advantageous retirement grant taxation for person in over 20 years of service, long service based late promotion policy, payment for increase in cost of living, employment of college graduate and long term talent training, disadvantageous policy for early terminated employment, limited outside labor market, wage reduction system for moving employment; are preventing employee's movement and resignation of oneself to fate called as 「There is no other option other than working hard in this company」 and this kind of fate based self initiated diligent labor called as 「Self Initiated and Mandatory Policy」 have been created. This policy has been contributed to minimization of employment mobility and improvements of skills by restricting leakage of information to outside. (鈴木, 1994)

II. Mobilization of the Labor Market

「Lifetime Employment System」 has been settled by enforcing employment security for employers and by

restricting labor mobility in various levels such as society, business, law, tax, corporation, family, but nowadays these kinds of lifetime employment system do not have any effect. Consciousness of jurisdiction decreased due to lifetime employment system and seniority system which resulted in better exhibition of one's skill and increase in labor mobility due to better chance of higher rewards. Also, it is difficult to effectively countermeasure excess number of employees with only individual employers and mismatch is introduced. However, it is important to strive for labor mobility by alleviating internal labor market policy for proper utilization of talents and each individual's career goals.

In order to support the system mentioned above, promoting labor mobility system is required. Skill qualification policy which does not circulate outside of the company is not enough and traversing professional skill (For example, accountant in accounting department, talent manager and wage manager in human resource department) will be required like U.S.A. or Europe. This kind of system allows each employee to determine self skill levels and industry to easily determine employee's worth. On the other hand, high school specialized education which promotes career growth and expansion of immediate employment will be required.

If reformation does not allow any other thoughts except scientific management methods in United States' human resource management system, in Japan's human resource management system which is popularly discussed these days, reformation cannot be discussed without Japanese employment system which focuses on community.(津田, 1992 ; 太田, 1994). However, is it possible to exhibit such functions when Japanese employment system reaching its maturity state with highly economic growth? Because commencement of work dispersion, aggravation of earnings, restructuring of an organization due to depression and lack of communication within the organization are expected. (島田, 1994).

In the future, human resource management system requires reformation from Commitment Model to Innovation Model due to expansion of employment mobilization, skill based contract employment and outcome based employment. (守島 , 1999; 太田, 1994).

Lately, reconstruction of human resource management system which is created during high growth stage after economic depression is being discussed among Japanese organizations. Typical examples are progress of employment mobilization and externalization of growth stock.

Currently, new employment wage policies are introduced by innovative books among various Japanese organizations.

Following new employment wage policies are being proposed : ①Strengthening of professional skill based policy and strict promotion ②Improvements on differentiating among staffs employed at the same year ③ Introduction of human resource management ④Introduction of Japanese wage policy and Japanese job function based wage policy ⑤Outcome based rewards ⑥Proposal of each individual talent management ⑦Performance rating's feedback · expansion of performance review policy ⑧Flexible scheduled employment policy. Important

factor here is that all these policies should be utilized based on each individual and task. Also, serve system of wage policy must be established in order to enforce creativity and innovation with strengthening of international competitive power.

Japan's development of the following policies are behind comparing to Europe : ①Skill based talent management regardless of age, sex, nationality, race and academic background ②Consideration of retirement age of 64 ③Creativity and freedom promoting talent management policy. Also, there are problems to be solved. Solutions will be searched for by establishing new wage policy based on tasks and individuals in the basis of lifetime employment system.

Ⅲ. Neo Internal Labor Market

Talent training like OJT which focuses on internal labor market is established by focusing on interdependency of organizations with stable economic growth and individuals.

According to Pfeffer (1998), management focused on talents or skills exhibition has benefits. First of all, imitation of the management style by other organizations will be difficult and secondly, organization training, labor productivity and cost reduction by quick response to the market will be promoted.

Organizations utilizing talent or skill exhibition focused management may have superiority over other organizations. Also, according to Ivancevich (1998), it is described as 「Achievement of goals for both human resource management and individual」. Ultimately, importance of talent is emphasized as being a human.

In this document, neo internal labor market is defined as 「New type of internal labor market which includes the system selected by internal labor market and external labor market with the emphasis on importance of talent and introduces skill exhibition based management」.

Above definition's concept is described in the Image 2-1.

One side is the establishment of neo internal labor market by semi internalizing part of labor market regardless of internalization or externalization of the labor market. This kind of internal labor market is viewed as a new type with introduction of talent focused human resource management's perspective. Also, Image 2-2 describes consideration of external labor market's semi internalization for United State and Republic of Korea. On the other side, it describes neo internal labor market's establishment in the consideration of an internal labor market's semi internalization for Japan.

After collapse of bubble economy, Japanese organizations faced with economic crisis that they never faced before. It is required to explain how reformation will occur by prediction of environmental changes and risk

understanding to all employees. World wide trend is to strengthen competitive power of the organization by rediscovering core competency. Internal labor market is considered as closed organization's human resource and wage adjustment system up to now. However, from now on, it will be utilized to improve productivity by increasing each individual and white-collar's motivations.

Image 2-1 represents neo internal labor market's two views' concepts and Image 2-2 represents special quality of each country's labor market.

Image 2-1 Neo Internal Labor Market's Two Views

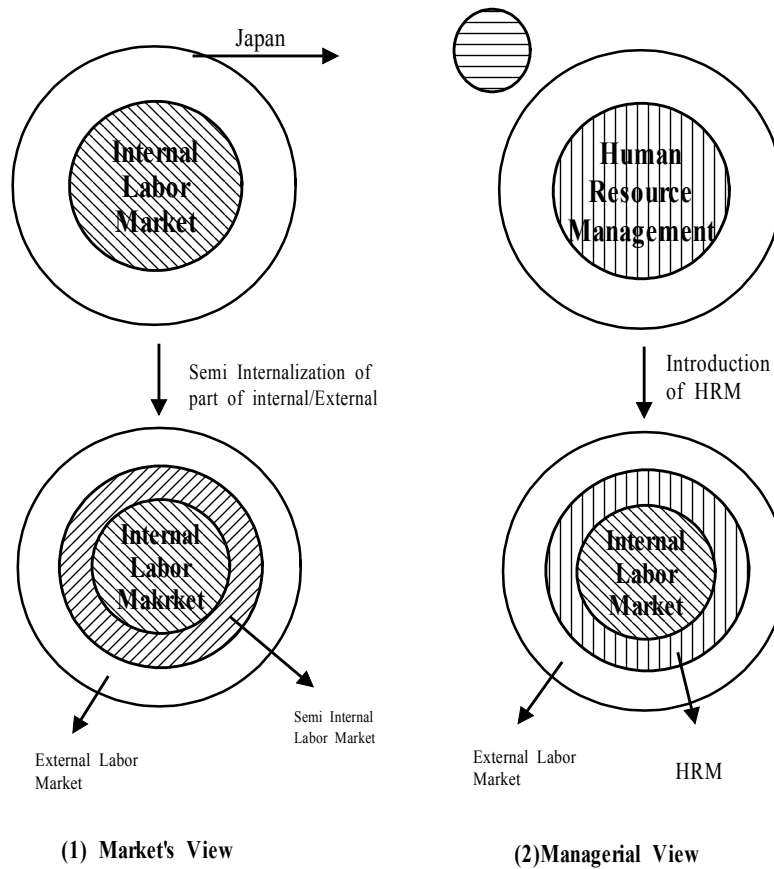
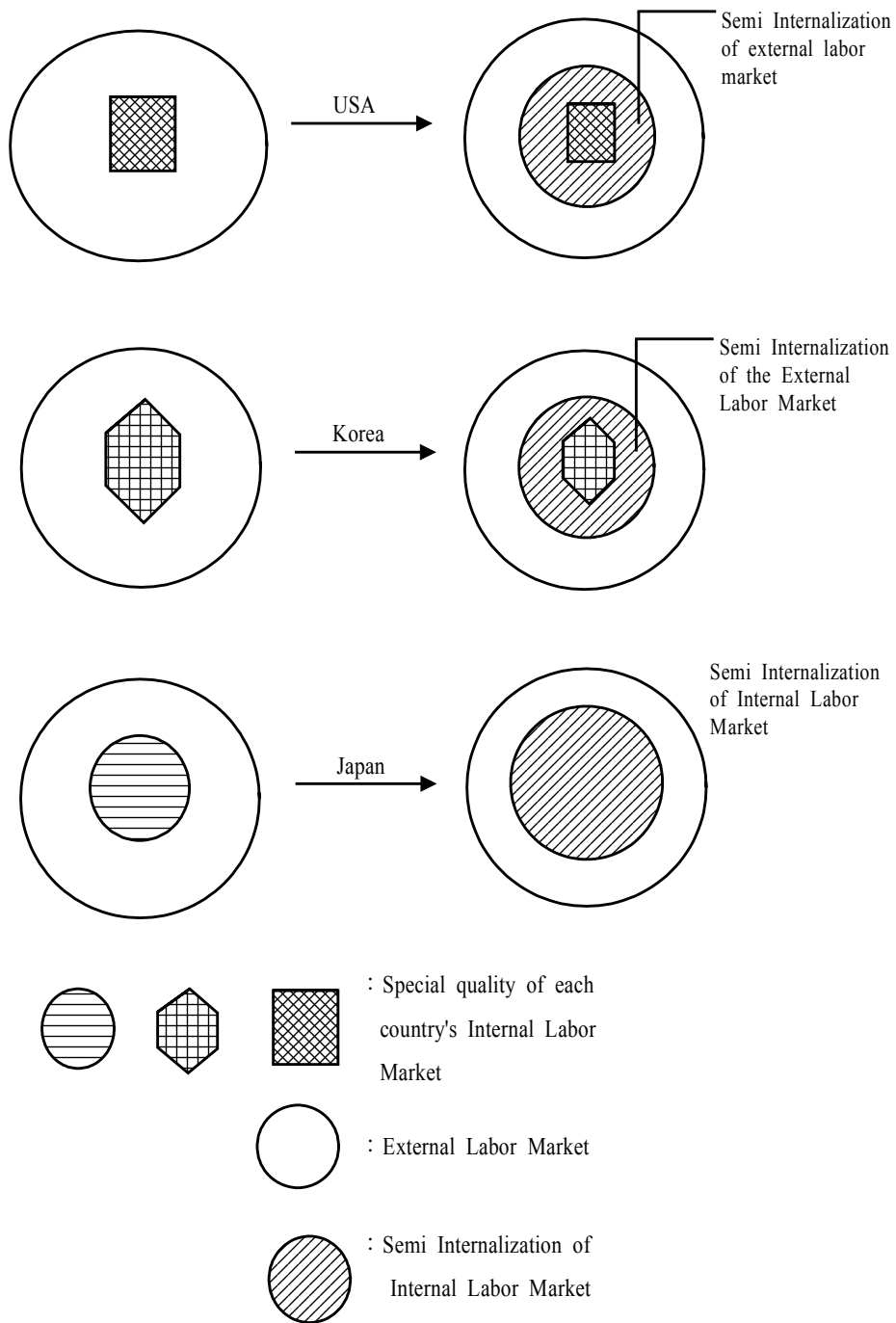


Image 2-2 Special Quality of Each Country's Labor Market



Core talent is utilized to ensure superiority by employing excellent talent, outsourcing non-core talent and utilizing contract based employment.

Especially, core talent's early selection and early training are operated in consideration of employee's condition. Like Pfeffer (1998) mentioned, management focused on talent or skill exhibition is operated which displays benefits of organizational education, flexible response to labor productivity market, cost reduction. Also, semi internalization of non-core talent is executed by increasing organization's commitment. In this kind of trend, how to increase organization's knowledge level will be important subject. Also, how to increase each highly responsible manager's competency will be important.

Table 2-3 represents difference between 「Internal Labor Market」 and 「Neo Labor Market」. In other words, internal labor market's new talent management policies which are appropriate for new environment like the following are required. 1) Operates formation of arrangement and career through self reporting system and internal public recruitment system. 2) Early establishment of selected promotion through management by object 3) Standardization of evaluation factors with short term evaluation and confined contribution. 4) Fairness and clarity of the rules for dismissal.

Table 2-3 Difference Between 「Internal Labor Market」 and 「Neo Labor Market」

| Difference | Internal Labor Market | Neo Internal Labor Market |
|---------------------------------|-------------------------------|--|
| Wage and Promotion Management | Generality Based Fair Wage | Specialty Base Annual Salary |
| Employment Management | Bundled Employment | Occupational Specific Employment and Increase In Experienced Professional Employment |
| Talent Training and Development | Organization Initiated System | Self Reporting System |
| Evaluation System | Ambiguity | Fairness and Agreement |
| Dismissal | No Rules (Silent Rule) | Fairness of Rules Clear Rule) |

IV. Strategic Talent Management and Talent Portfolio

In Japanese large corporation, typical talent management model is defined as following three types 「Creation

and maintenance of special skills」, 「Proper handling of an ambiguity of ability and skill evaluation」, 「Synchronized goal based agency cost reduction」.

Currently, these types of talent management's recognition are changing and each organization began introducing various different policies. Typically, labor market's mobilization's introduction, employment externalization progresses which involves employers which utilize wage determination based on productivity employing more temporary staff. These kinds of movements indicated by Cappelli (1999) about United States are the movement of talent management mechanism from internal system's frame to external labor market's mechanism.

When debating about Japanese talent management model's competitive power, one question is raised. The question is what skills are related to Japanese organization's competitive power. It is partially agreeable to long employment based policies contributed to talent training and utilization. However, it is still unknown about what kind of talent cannot be supplied, imitated and replaced.

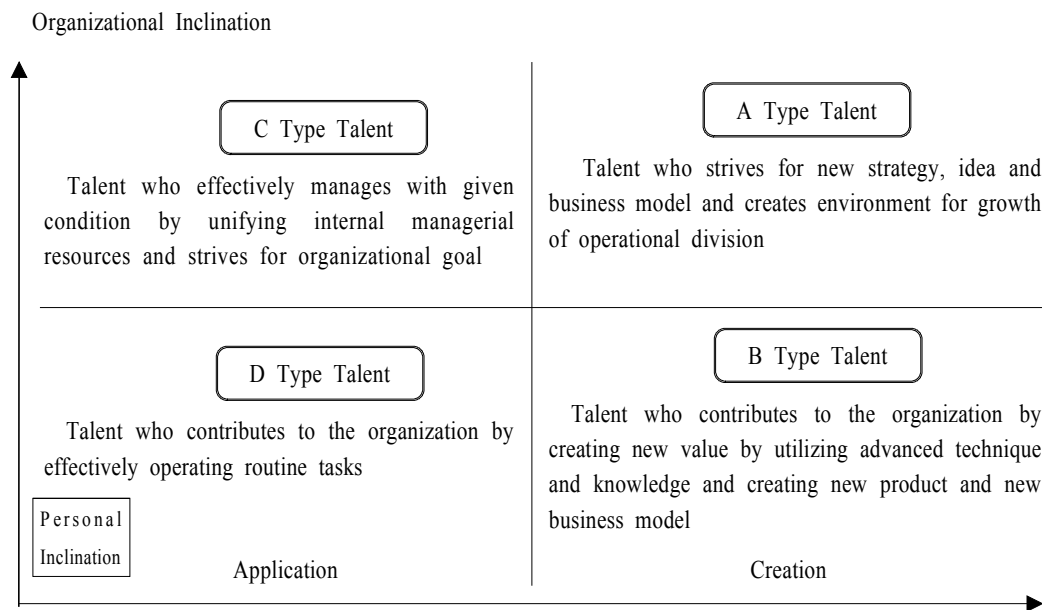
In today's talent management system, there is a research about valuable talent by typical scholar 小池(小池, 1998 ; 小池·猪木, 1987). Valuable talent mentioned here is one who has skill and ability to professionally handle 「Daily Work and Other Work」. It is also defined as 「Communication about the Problem」 and 「Handling of the Problem」 and the handling level determines the value of the talent. Acquirement of the ability and skill 小池 calls acquirement of the ability and skill as 「Intellectual Expertness」 and explains that intellectual expertness determines the value of the talent. Also, explains that establishment of the intellectual expertness depends on effort of the organization which is based off of the long period competition. Like 小池(2001) explains, intellectual expertness based on handling of the uncertainty are discussed as a part of organization's competitive power.

In current human resource management discussion, often raises a doubt about intellectual expertness's worth in the future being same as before. Especially, various scholars researching concepts based on easy going labor market's mobilization indicates that talent management model which has the basis of internally raised specific skilled talents is not proper to organization's competitive environment and early movement market's change.

Research is progressing based on these kinds of concepts. One example is the talent portfolio concept by 守島(2001). Talent portfolio describes how to determine talent's type depending on what kind of role it is playing among strategy achievement based business models. Because of that, value of the each talent's type depends on the strategy. In other words, this approach based on internal labor market's new talent management is classified as a talent contribution method to the organization and it focuses first on raising and obtaining talent and secondly, focuses on how to handle future problems. Also, considers how to effectively utilize for certain form of contract. Image 3-1 describes the concept of talent portfolio. Image 3-1 explains talent's type with intersection of two talent's contribution axis. One is Creation - Application axis, another is Organizational Inclination -

Personal Inclination axis. Here, creation is explained as the type which strives for new business model and ability, application is explained as the type which effectively operates with given condition.

Image 3-1 Talent Portfolio



Source : 守島, 2001 「21C Type Talent Management Model」Magnified Chart

On Creation - Application axis, contribution type depends on creation of new product and business model or how effectively utilizes currently available product or business model.

Creation describes the type which contributes by creating new business model or important product or skill for strategical purpose.

Application describes the type which contributes by effectively utilizing given condition and focuses on achieving strategic goals.

Next, on Organizational Inclination - Person Inclination axis, contribution type depends on how to maximize personal achievement based on personal achievement of goals or on how to maximize organizational achievement base on organizational achievement of goals. Not to mention, these kinds of personal or organizational contribution should produce outputs, but firstly outcome of personal tasks are measured.

Operation like creation of talent management model in order to produce and provide talents based on the strategies mentioned above is defined as strategic talent management. (守島, 2000).

V. Conclusion

From this dissertation, The viewpoint of the internal labor market conception discovered Neo internal labor market which compares labor market and the Human resources management where Japan, the United States and Korea.

Neo internal labor market is the new type of the internal labor market which until in now introduces the system of the external labor market in it and simultaneously executes a human being serious consideration and the management of ability display of the system member is a possibility of doing.

It is the labor market which specially motivation of the white collar raises and makes more a productivity that considers the prediction of environment change and grasp of its risk and rediscovers the system of the enterprise that is having the focus ability, considers motivation of each person who the human being side if the employee for the strength of a company

In its place, man who secures a competitive high position employees engages in internal labor market for taking a competitive advantage and man who is non-core talented engages in outsourcing and a contract employees from external labor market.

Especially, the early selection and rising of core talented man until more than now execute the effective improvement focus on the human right or the ability display of the organization study, labor productivity, flexibility market skill, reduction cost as a man who sufficient in the human being side of the employee. From core-portfolio conception is an important such as core-talents man.

The basis on approaching new talented management model of the internal labor market think about how contribution talented man for strategy aim of a company and acquisition method of rising talented.

Also if you prepare what kind of contract form, you will able to apply the contribution which is like this effectively to consider and the thing is a possibility of doing.

The hazard which overcomes like this subject needs Human Resource Management of new talented model which is suitable in the environment change which stands and new system, in other words, Neo internal labor market conception needs more concretization.

Human resource management's improvements are discussed below.

Firstly, rapid response to the world market's changes due to globalization, mobilization of talents to develop new business and labor market's flexibility are required. Number of organizations operating reconstruction due to market's demand alteration and immediate employment like the United States, focused on experts due to alteration of new business in parallel with the rapid response to market's demand alteration, is increasing in Japan and Republic of Korea. Constructing talent mobilization based system must be the next step to proceed.

Secondly, new employment is affected by increase in talent mobilization and immediate employment in employment process. Like the United States' education system, Korean or Japanese education system must educate basic job skills in order to respond rapidly to the changes and immediate employment. Also, universities must support students' employment focusing on what kind of job is suitable, not which company is suitable due to talent mobilization and lifetime employment system's reduction.

Thirdly, professional experts will be required due to world wide competition in each area. Number of employees who wish to be experts in a specific area is increasing. In the other side, individualization and diversity of human resource management system like skill based employment, goal management and salary base system, public internal employment, self reporting system, cafeteria of welfare system is being operated. Number of organizations who discusses performance evaluations with employees is increasing. Promotion and transfer in Japan and Republic of Korea are irrelevant to individual's intention. If the right to implement personnel management refuses to transfer, it is considered as a violation to operation orders and it is possible to be dismissed. Also, male superiority over female still exists. Considerations like the United States are required.

Japanese and Korean organizations must construct global standardized human resource management system which is not only accepted within the own country, but also accepted globally.

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