

# Training in a Changing Korea

By Yonjoo Cho, Hye-Young Park, and Stacey Wagner

No matter what part of the world you work in, employees must be able to learn as quickly and effectively as possible, using resources as efficiently as possible. This is true in good times and bad, but in bad economic times there's a greater sense of urgency. Human resource development professionals must be able to think ahead and react quickly to changes in the business environment. But what happens when the training profession itself changes?

Over the past two years, regional economic crises have rocked the global business world. In Asia, the currency crisis and the attendant business downturn caused a hard stance within the business and financial communities for businesses to cut waste and create greater efficiencies.

In Korea, the tight money policies enacted by the government forced Korean *chaebols* (conglomerates) to restructure in order to improve organizational efficiency and profits. There is now a greater focus on core businesses, workforce downsizing, and reducing management costs in many areas, including human resource development.

According to Korea's *Human Resource Development* magazine, 70 percent of survey respondents had cut their training investments 12.5 percent by June 1998, compared with 1997 spending. More than 16 percent responded that their training investments had remained the same for 1998, and only 11.4 percent said their training investments had increased from the previous year.

To understand the impact of those figures better, we conducted email and telephone interviews with HRD managers from six representative Korean conglomerates—Hyundai, Samsung, Daewoo, LG Company, SK Group, and Ssangyong.

As you might expect, the HRD managers said that one of their most urgent needs was to align HRD with business issues so that training can promote business results and improve per-

formance. However, that requires a new mindset for Korean trainers; they must now think beyond traditional training strategies and programs. They have to focus on performance improvement strategies and diagnosis of HR challenges according to business need.

"The most important assignment for Korean HRD practitioners," says Hyun-Pil Tak, general manager of SK Academy, a training center in one of Korea's conglomerates, "is to make the successful transition from conventional trainer to performance specialist." By focusing on organizational performance and de-

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termining training needs accordingly, Korean trainers can begin to better align the skill sets needed by workers with business strategies and goals.

To make that happen, respondents say, HRD practitioners must design and deliver programs in restructured organizational development, reallocation of workers, change management for leaders, and marketing and finance-related courses. For example, the Korean conglomerate Daewoo instituted a mandatory leadership program for managers, which has been very successful and effective in terms of participants' eagerness to participate. Ssangyong designed process-reengineering training programs to help managers overcome the detrimental effects of the economic downturn.

The respondents also suggested that, as awful as it is, the Korean economic

crisis provides a good opportunity for practitioners to communicate the value of HRD and training. Companies are beginning to realize that highly skilled knowledge workers are critical to organizational competitiveness and that a comprehensive human resource development system geared to the needs of business can help them acquire, train, and retain those valuable workers.

The new business environment also provides the impetus for HRD specialists to determine which competencies they need to meet the challenges of a continually changing business environment. Korean HRD staffs will be required to gain professional competencies in marketing, performance consulting, business partnering, knowledge management, change management, networking, and outsourcing. In addition, they will need to demonstrate a return-on-investment in training, and to continue to make management more cognizant of the value and importance of HRD.

Yuh-Soon Yun, general manager of LG Academy (part of the LG Company) says, "Human resource development plays a critical role in helping businesses stay competitive in the global market, and top management is only now beginning to realize that HRD is a powerful tool to sustain competitiveness."

We also discovered that within these six organizations, low cost and high efficiency were targeted as priorities by the HRD departments. That is a substantial departure from the previous mindset of Korean HR professionals.

The conglomerates consolidated their training into more cost-effective training activities and reduced costs by 10 to 68 percent. Training staff cuts ranged from four to 110 people. Each corporation tried various cost-effective or profit-making training activities, including consolidating training departments, outsourcing, marketing, shortening training periods, developing customized programs, and using outplacement programs funded by the government.

Two exceptions, however, stood out from this consolidation. Daewoo actu-

ally increased training costs because of a newly instituted mandatory leadership program and the acquisition of new employees as a result of a merger. SK Academy had no need to cut training costs, as it had restructured before the economic crisis hit.

A few proactive companies had prepared for the impending economic crisis and had given themselves a head start in creating low-cost and high-efficiency training operations.

We also questioned the interviewees about aligning HRD with business results. They suggested that

- HRD practitioners develop systems for connecting HRD with business planning departments
- practitioner knowledge, skills, and

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competencies be defined clearly to help implement business strategies

- effective communication pathways be developed between the HRD units of subsidiary companies and their high-level conglomerate managers
- training be aligned with human resource management systems
- performance improvement programs be developed and implemented.

The current Korean HRD focus is on supporting the restructuring processes and its role as a strategic business partner. However, we found that although HRD is more important than ever in helping Korean businesses develop their people and stay competitive, the career development systems for HRD professionals in Korea are not well structured enough to provide the support practitioners will need to help them grow.

Respondents are also concerned that the dearth of funds and staff might hinder HRD in its recognition as a strategic business partner. We believe that one of the most important factors in this successful transition in Korea, as it is in all parts of the world, is the approval of top managers.

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