

2002 Annual Survey of Human Resource Development in Enterprises

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I. Overview

Human resource development (HRD) policy should be based on comprehensive data that are acquired through scientific and systematic research which takes into account the radical changes taking place in industrial structure and in labor markets, and the firms' responses to the challenges of these changes. However, the actual state of HRD in enterprises has so far not been accurately or concretely grasped, which works as an obstacle to the establishment and implementation of an effective HRD policy. This means that basic data on HRD in enterprises should be collected and constructed in advance.

This study is a follow-up study to "A Preliminary Study on the Current State of HRD in Enterprises", conducted in 2001. The purposes of the study are as follows:

- To develop a questionnaire to analyze the current state of HRD in enterprises
- To understand the current state of HRD in Korean enterprises through a survey research

- To provide the basic data for the construction of a DB on the current state of HRD in enterprises
- To provide the basic data for the determination of HRD policies.

To achieve these purposes, the study was conducted using the following subjects and methods. First, the study analyzed the achievements of HRD using an employment insurance DB from 2001. Second, it developed a survey questionnaire for the current state of HRD in enterprises in 2002 and conducted a survey of 1,500 business sites that employed five or more people according to the employment insurance DB. Third, a professional committee, consisting of HRD professionals, staffers from the Ministry of Labour and the Small Business Administration, and professionals from academic fields, was formed to consider research direction and methods. Finally, the study proposes new directions of HRD policies and improvements for future HRD research.

II. Findings

1. The Current State of Supply and Demand of Manpower in Enterprises

First, human resources shortages mostly appeared in manufacturing jobs (41.5%), and in professional jobs (29.2%) and in service & sales jobs (23.0%) regardless of the size of the enterprise.

Second, while the recruitment of new graduates has fallen in the last three years, the recruitment of the experienced has increased, especially at large enterprises that have 300 employees or more.

2. The Current State of HRD in Enterprises

First, the most common human resource management systems in use are performance management systems assessing individual performance outcomes in terms of organizational goals. Annual wage systems, a compensation/benefits system, is the most common in clerical and managerial fields (56.6%) and the least common in technical and engineering fields (13.7%).

Second, most firms (38.4%) have neither an HRD organization nor its staff, and 29.0% of them have only one full-timer assigned for HRD.

Third, the participation rate of unions and labour-management committees in HRD is relatively low regardless of the size of the business. The proportion of firms where unions actively participate in HRD according to the collective agreement is merely 18.3% of total.

Fourth, 1.2% of total personnel expenses was spent on formal training activities last year. The non-manufacturing sector invested 1.6% of total personnel expenses in training activities, the highest compared to other industry sectors. Training expenses for new employees accounted for 30.3% of total training expenses, and the average training expense per employee was 253,000 won, but it was higher in small-sized enterprises.

Fifth, major barriers in implementing HRD activities were time constraints and the a lack of strategic HRD planning. Other barriers included a lack of alignment between HRD activities and business goals, and a shortage of training facilities.

3. The Current State of Training Activities

First, it was found that 65.1% of firms carried out training activities last year. The main targets of the activities were managerial positions (34.7%),

research and development jobs (29.3%), and service jobs (16.1%).

Second, when the types of training were surveyed, 81.2% of training was sponsored by employers and 42.1% was carried out by the vocational training funds of employment insurance and 8.6% was sponsored by other government authorities. While 83.6% of large-sized enterprises with 300 employees and more carries out training, only 20.0% of small-sized enterprises with 50 employees and less participated in training.

Third, in using the vocational training funds of employment insurance, 82.4% of total support funds was used for upgrading training courses, and only 10.4% was used for cultivating training courses. The amount of the support funds per employee was 223,877 won on average. In terms of the types of training, it was found that 1,930,000 won was used for training activities offered by outside consultants or institutions, 1,490,000 won was for cultivating training, and 191,000 won was for upgrading training.

Fourth, the study surveyed the kind of training system used to cultivate training in order to examine how much the training helped trainees to develop their job performance skills and to improve their productivity. The result showed that group training and overseas training were the most effective, and OJT and in-house collective training came next, showing that in-house training plays an important role. On-line training, which has been increasing rapidly these days, was not found to be very effective compared to the other training methods.

Fifth, when it comes to support systems, the support by encouraging employees to take training classes (48.95) was the highest; support for the acquisition of job-related certificates (41.6%) came next followed by partial payment support for training tuition (34.5%). Enterprises that support training or skill for the employees of their business partners or subcontractors were of 10% only. The enterprises that operate retirement

preparation programs were not more than 3.2%.

Sixth, besides vocational training, 33.7% of enterprises utilized support systems that complied with the Worker's Vocational Training Promotion Act by the Ministry of Labour. When it comes to the provisions of the Act, 42.3% of the support was for the loan of school expenses for undergraduate workers, and only 7.5% of the support was paid to employees fifty years or older approaching retirement as an incentive for taking training courses.

4. The Current State of HRD Partnership

First, it was found that only 14.2% of businesses were involved in HRD partnership, and only 22.5% of businesses had a future plan to participate in an industrial-educational liaison project. It was also clear that small-sized firms had a lower interest in participating in HRD. Most enterprises (52.4%), felt that they had no need of an industrial-educational liaison project, and some enterprises failed to have sufficient resources for it.

Second, when it comes to employment ability upgrading programs for college students, it was found that 20.1% of the total programs were supervised occupational experience programs, the 5.4% were work experience programs that are supported by the Ministry of Labor. However, work experience programs, which are supported by Small Business Administration, were operated by only 1.7% of Small and Medium-sized enterprises. Only 16.7% of enterprises once had an intern program for college graduates.

Third, reasons given for difficulty in operating employment ability cultivating programs for undergraduates or intern programs for college graduates included the lack of a suitable program (41.1%) and difficulty in securing management staff (20.5%).

III. Suggestions

First, a survey should be made on a national level. For this, it is needed to construct a comprehensive HRD infrastructure that can regularly produce related basic statistical data with consistency under the control of an HRD research institute such as KRIVET.

Second, integrated studies and research on both labour and employers should be conducted in order to grasp comprehensively the reaction of enterprises and workers to environmental changes and to acquire and construct accurate information databanks.

Third, the information in the employment insurance DB should be modified and supplemented to conform to the changes of businesses. However, failure to do this caused a great discrepancy between the sampling results of the research design and the actual survey results from the number of employees of the surveyed business firms. Accordingly, the management system, which is currently a dual system operated by the Work Information Center and the Labor Welfare Corporation, should be improved so that the information in the employment insurance DB can be appropriately modified and supplemented.