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Samsung HRM policies, practices and new trends

In the recent time human resource management (HRM) has assumed new prominence because of continuing concerns about global competition, the internationalization of technology and the productivity of labor. It is argued that these market imperatives require manager to change the way in which they manage the employment relationship in order to allow for the most effective utilization of human resources (HR). Managers and academics argue that the traditional approaches to managing workers are inappropriate ,can no longer deliver the goods. Harnessing workers full potential and producing the attitudes and behavior considered necessary for a competitive advantage require three aspects of managerial control to change: organizational design, culture, and HR policies and practice. Current managerial orthodoxy therefore argues the need for a restructuring towards hierarchical structures, an enlargement of job tasks with greater employee autonomy and managerial leadership to shape the more intangible aspects of the workplace, for examples beliefs, norms and values.

1. The strategic human resource management (SHRM) and its practice in the one of the world biggest company Samsung group. And evaluate how Samsung is practicing human resource management.

2. HR functions and various models and how Samsung adopt vertical and horizontal integration in their human resource department and then give some recommendations for Samsung according to the discussion.

Strategic Nature of HRM

Perhaps the most significant feature of HRM is the importance attached to strategic integration, which flows from top management vision and leadership, and which requires the full commitment of people to it. Most of them believes that this is a key policy goal for HRM, which is concerned with the ability of the organization to integrate HRM issue into the strategic plane, to ensure that the various aspect of HRM cohere, and to encourage line managers to incorporate an HRM perspective into their decision-making.
It is considered that one of the common themes of the typical definitions of HRM is the human

resource policies should be integrated with strategic planning. suggested that a future increasingly associated with HRM is a stress on the integration of HR policies both with one another and with business planning more generally. suggested that the concepts locates HRM policy formulation firmly at the strategic level and insists that a characteristic of HRM is its internally coherent approach.

Strategic Human Resource Management

Strategic HRM is an approach to making decisions on the intentions and plans of the organization in the shape of the policies, programs and practices concerning the employment relationship, resourcing, learning and development, performance management, reward, and employee relations. The concept of strategic HRM is derived from the concepts of HRM and strategy. It takes the HRM model with its focus on strategy, integration and coherence and adds to that the key notions of strategic capability and strategic fit.

According to Hendry and Pettigrew (1986), strategic HRM has four meanings:
1. The use of planning;
2. A coherent approach to the design and management of personal systems based on an employment policy and manpower strategy and often underpinned by philosophy;
3. Matching HRM activities and policies to some explicit business strategy;
4. Seeing the people of the organization as strategic resource for the achievement of competitive advantage

The form of SHRM used is represented by the management commitment to the:
Objectives
Policies
Practices
Relates to all employees within the organization. It is not simply a matter of rhetoric. Objectives and policy are formalized within the framework of a corporate strategy as reinforced by the seminal work that was in at the start of formal discussions on SHRM. He believed that strategy must be explicitly started rather than be a philosophical mission because only then can organizations develop and balance planned action with entrepreneurial effort. A SHRM is as essential as other strategies for two reasons:
Individual members of the workforce need to be able to cooperate in order to achieve mutual reinforcement Individuals (who comprised the organization) need to be able to cope with changing environmental conditions

Johnson and Scholes (1999) delve deeply into strategic matters stating that a strategy is the lifeblood of any organization. They make some key points which are relevant to SHRM:
If there is not an explicit strategy individuals may work at cross-purposes.
The top management must clearly communicate the strategy to those whose job it is to implement usually employees at the bottom.

Individuals are creatures of habit and tend to be suspicious of new patterns of working.
Change must be part of overall strategic planning
Strategic statements are creative and thus an art.
Strategic planning requires individuals to change their attitude and thus behavior.
Strong, deliberate analysis is critical in order for SHRM to be defined and well documented. It will not happened accidentally there has to be a proactive desire to make policies integral to the realization of objectives defined by the other key strategies, which includes:
Finance
Production
Customer quality
Marketing.

HRM managers have to strongly articulate their developmental and employment strategies among those already strongly recognized within the organization because, otherwise, the achievement of the totality of the business objectives may be vulnerable Aims of Strategic HRM:

The aims of strategic HRM are to:
Generate strategic capability by ensuring that the organization has the skilled, committed and well-motivated employees it needs to achieve sustained competitive advantage;
Provide a sense of direction an often turbulent environment so that the business needs of the organization and the individual and collective needs of its employees can be met by the development and implementation of coherent and practical HR policies and programs;
Provide unifying frameworks which are at once broad, contingency based and integrative

Strategic HRM Models
High-performance
Management A clear line of sight exists between the strategic goals of the organization and those of its departments and employees at all levels.
Management defines what it wants in the shape of performance improvements, sets goals for success and monitors performance to ensure they are achieved.
Leadership from the top engenders a shared belief in continuous improvement.
Focus on promoting positive attitudes, which leads to the development of a motivated and

committed workforce.
Performance management processes are aligned to the objectives of the organization to ensure the people are engaged in achieving high standards of performance.
Capabilities of people developed at all levels to support performance improvement.
People provided with opportunities to make full use of their skills and abilities.
People valued and rewarded according to their contribution.

High-commitment
Management The development of career ladders and emphasis on trainability and commitment as highly valued characteristics of employees at all levels in the organization.
A high level of functional flexibility with the abandonment of potentially rigid job descriptions.
The reduction of hierarchies and the ending of status differentials.
Reliance on team structure for disseminating information, structuring work and problem solving.
Job design which increases the intrinsic satisfaction derived from work.
No compulsory redundancies.
New forms of assessment and payment systems.
High involvement of employees in the management of quality.

Management Treating employees as partners in the enterprise who have a voice on matters that concern them. Establishing a mutual understanding of what is to be achieved and a framework for managing and developing people to ensure that it will be achieved.

Strategic Human Resource Management Practices in Samsung:

Samsung overall introduce the legendary tycoon, Byung-Chull Lee in 1938, founded Samsung. In 1995, Samsung sales rose to $87 billion and its assets totaled $87 billion (Samsung Corporation, 1995a). Samsung is the second largest chaebol composed of 35 enterprises, which employ 233,000 employees in 66 countries. Samsung is a major global competitor in electronics, machinery, chemicals and finance. Other areas of Samsung operations include the auto manufacturing, newspaper, hotel, and entertainment industries.

HRM challenge in Samsung chaebol Chairman Kun-Hee Lee, the third son of the founder, manages this huge conglomerate. Chairman Lee and his family own core companies, which in turn own other affiliated enterprises. Samsung has been one of the most important vehicles for Korea remarkable economic growth and has received numerous awards from the government for its contributions.
Not only has Samsung been a major catalyst for Korea economic growth, but it has also been a pioneer among the chaebols in terms of the development of formal HRM systems. Samsung was

the first chaebol to use a competitive recruiting system in the early 1960s. At that time, most firms relied on referrals based on connections when they recruited employees. The company is also well known for managing its people based on their performance and capabilities. In almost all chaebols, family members provide the core of management, but Samsung has the highest ratio of non-family-member executives. The effective management of employees at Samsung led to the use of the term Samsung man to denote competent, well-trained employees of the chaebol. Samsung leadership in effective HRM, however, has been seriously challenged as the chaebol has begun to compete with the world most competitive firms in both its domestic and global markets. The success and pride of Samsung largely stemmed from being the best in Korea - where foreign competition was almost non-existent because of trade barriers maintained by the government. However, these trade barriers are being reduced due to pressures from the USA, the beginnings of the World Trade Organization (WTO) and the General Agreement on Tariffs and Trade (GATT), and the requirements to join the OECD. As Samsung increasingly competes with foreign firms, it has begun to realize that it must build competitiveness in its management and HRM practices in order to succeed in the global marketplace.

People valued in Samsung

Samsung strategy can be described as an effort to consistently meet customers' needs across three critical dimensions-quality, time-to-volume, and being easy to do business with. The company is constantly changing and reinventing itself in support of these goals. Each of these elements has significant implications for the people employed by the firm, and they are reflected by design in Samsung management systems. In part, this phenomenon is linked to Samsung emphasis on product development and operations teams, which frequently shift and change composition as products move through their life cycles. This &quota; constant reorganization" places considerable pressure on the HR function to assist in the placement, evaluation, and reintegration of employees. To some extent all assignments at Samsung are temporary, and moving around a lot within the firm is considered the norm, but the " glue" that holds it all together is the firm's common culture. Because of the very short product life cycles in this business, Samsung must continually push the technology envelope. In this context, and consistent with the firm's emphasis on engineering and product development, the firm has developed considerable competencies around systematically defining where they want to be as an organization.
Recently the firm has collected some data about why people in high tech came to (and stayed at) Samsung. It was found that " interesting work" and the quality of the work environment were key attributes that reinforced Samsung commitment to the way people are managed. Samsung, for example, has identified the development and maintenance of an Extraordinary Environment as a key driver in the implementation of its competitive strategy. The

emphasis on the extraordinary environment emanates from CEO Kun-He Lee office. Samsung disdains formal bureaucracy, with a number of respondents noting that " rules here are made to be broken" Moreover, it doesn't have formal policies and programs that one might usually associate with " progressive" organizations. There is no flextime scheduling; people just come and go as they please. There are no empowerments programs people are just empowered to do the job.

Investing in people

Samsung develop a lot of courses for Samsung staff to learn, and give them opportunities to go outside to learn. E.g.: The design center staff can go abroad or have chance to work with famous talents. Moreover, Lee (Kun-He Lee) led launched a design revolution, he personally invited the IBM design wunderkind Tom Hardy from the United States to make the Samsung's designers to broaden their thinking.

There are 307 designers in Samsung design center. Samsung company give their chances go to the best art design school in United States. As result, they design more than 700 pieces of product model each year. Samsung Electronics win 5 awards in IDEA competition (Industrial Design Excellence Awards), which is as many as Apple Company.

HTP concept

in 1994, Samsung established the Human-Tech Thesis Prize. The goal of the Prize is threefold:

1.to search for creative and driven young people who will lead the field of science into the future for Korea;

2.to encourages research at the collegiate level; and

3.to increases the awareness of the importance of technology in society. The Prize has gone beyond its expectations of nurturing creativity and research among young scientists to become the major driving force behind the intellectual passion for college students to succeed in research. Currently,

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Currently, the Prize encourages student participation from domestic and foreign high schools, colleges and graduate schools in order to broaden and enrich the basis of research and development of the sciences in Korea.

Through the Prize competition, Samsung has and will continue to discover and cultivate gifted human talent in science and technology. This human talent will serve as the foundation necessary to compete in the global environment in which technology has become both a weapon and an asset to the nations.

Samsung strives deepen and expand the research in core technological areas through the Human-Tech Thesis Prize. The Prize itself will develop into a renowned award for students all over the world.

Employee Development

In an environment where talent is scarce and external opportunities are plentiful, Samsung believes that employees will stay with the firm only as long as they feel that their contributions are valued, and they are able to do meaningful work in a stimulating and challenging environment. While managers are to some extent held responsible for the development of their subordinates at Samsung, there is some concern that due to the speed of the firm's recent growth, this process is not occurring as quickly as it needs to, especially around the development of competencies for the firm's many types of teams.

Diversity & inclusion

as an employer of around 126 nationalities, with 58 nationalities among their top one thousand managers, Samsung is an inherently diverse organization. They have consumers from many different cultures and backgrounds, and diversity in their workforce helps them better understand and respond to their needs.

Samsung approach to diversity is to focus on building an inclusive culture in order to make everyone feels they are valued, sense of belonging and unique. In 2004 they conducted a company-wide review of diversity. They now have a global diversity board and detailed and regular diversity monitoring. Women continue to hold over 35% of management posts.

Respecting rights

they seek to ensure that the human dignity and labor rights of theirs employees are maintained. Samsung Code of Business Principles embodies theirs commitment to human rights.

Role of the HR Function

The role of the HR function is to enable is to organization to achieve its objectives by talking initiatives and providing guidance and support on all matters relating to its employees. The basic aim is to ensure that the organization develops HR strategies, policies and practices that cater effectively for everything concerning the employment and development of people and the relationships that exist between management and the workforce. The HR function can play a major part in the creation of an environment that enables people to make the best use of their capacities and to realize their potential to the benefit of both the organization and themselves.

Essentially, the HR function provides the advice and services that enable organizations to get things done through people. It is in the delivery business. Ulrich (1998) points out that the activities of HR appear to be and often are disconnected from the real work of the organization. He believes that HR should not be defined by what it does but by what it delivers.

The more sophisticated HR functions aim to achieve strategic integration and coherence in the development and operation of HRM policies and employment practices. Strategic integration could be described as vertical integration the process of ensuring that HR strategies are integrated with or fit business strategies. The concept of coherence could be defined as horizontal integration the development of a mutually reinforcing and interrelated set of HR employment and development policies and practices. (Armstrong, 2006, p-54)

HRM and organizational performance

HRM can make a positive impact on organizational performance in many ways, these are:

Develop and successfully implement high performance work practices, particularly those concerned with job and work design, flexible working, resourcing, employee development, reward and giving employees a voice.
Formulate a clear vision and set of values (the big idea) and ensure that it is embedded, enduring, collective, measured and managed.
Develop a positive psychological contract and means of increasing the motivation and commitment of employees.
Formulate and implement policies that meet the needs of individuals and create a great place of work.
Provide support and advice to line managers on their role in implementing HR policies.
Manage change effectively.

HR Models
A number of models classifying types of roles have been produced, as summarized below. These simplify the complex roles that HR professionals often have to play which, in different contexts or times, may change considerably or may mean adopting varied approaches to meet altering circumstances.
Author (date) Categories for the HR roles
Reasons for differentiation

Use HR Function to operate

Samsung history is interesting in this regard in that the firm's founders wrote their value statement before they wrote their business plan. That is, they decided how they wanted to deal with the " people" elements of the business before they began to focus on product specifications and capital requirements. In broad terms, Samsung operational goals are the following:

1. Increase the value of the company
2. Increase market share
3. Build a company with an extraordinary work environment as stated in company documents, the firm's notion of an " extraordinary environment" includes:

4. achieving long-term business success
5. Ensuring that Samsung employees feel valued
6. Ensuring a sense of pride of association with the company
7. Instilling a sense of camaraderie and that " all of us are in this together"
8. Ensuring that each employee has the opportunity to reach his/her highest potential personally and professionally
9. Generating a sense of excitement and fun.

Core to this extraordinary environment, however, is a strong set of values, and everyone lives them. For Samsung, the development of an extraordinary environment is an outcome in and of itself, to be considered as valuable as increasing market value and market share.
Samsung has nine associated " key behaviors" that help support its values system and the creation of an extraordinary environment.

In addition, Samsung has developed measurable attributes for each of these nine key behaviors. Key behaviors include the following:

Maintaining a results focus.
Making decisions with the best interests of Samsung in mind.
Working together collaboratively.
Finding problems and fixing them.
Setting high standards.

Being open, honest, and direct.
Staying flexible and adaptable.
Taking initiative for one's own development.
Resolving issues in an objective manner.

Samsung prefers the use of a series of key behaviors, as opposed to the more common set of competencies because employees are action oriented (e.g., tell me what you did, not what you can do). Samsung uses these key behaviors to direct and drive employee behaviors throughout the organization.

They spend considerable effort in communicating these values to employees, including materials such as posters and laminated cards to carry the message; " all hands" meetings where the company shares values, survey responses, and planned actions; an upward feedback process for employees to provide feedback to managers on the extent to which they are exhibiting the Value Behaviors; and perhaps most importantly, 50% of everyone's performance review is linked directly to the performance on the value behaviors.

Samsung Vertical Integration

Vision and strategy
as an aspiring leader in the Digital Convergence era, Samsung will develop technologies for the progress and prosperity of mankind. With ethical management that respects the needs of the shareholders, customers, and the society, and they will maintain the course of progressive and responsible management as they continue their push to be a leading firm of the 21st century.

The vision of Samsung is leading the Digital Convergence Revolution, with the goal of becoming a top 3 firm in the electronics industry by 2010. The mission to carry out this vision is Digital- Company. Digital means using product and technology innovation to create new lifestyles and new business, product and service opportunities. The part ,means to maximize management efficiency by building processes for world-class production capabilities based on cost effectiveness.
The last part of company is about being a trusted and preferred global company, one that attracts customers through dynamic culture of understanding and innovation. Samsung will be a world-class corporation leading the digital convergence revolution through 6parts of innovation, product, technology, marketing, process, global operation, and organization culture.
Samsung well recognizes that coexistence and co-prosperity are the essence of corporate existence. Therefore, they strive to be an organization that places great importance on contributing to human society and social responsibility. Through charitable activities such as support for the disabled, environment preservation, and pro-bono IT services, were making continuous efforts for societal advancement by working together with customers, cooperators, and various social groups.
Today companies face endless competition and diverse changes. As time goes by, there will be

increased need for corporation role and responsibilities in the society as the calls for its greater social and environmental contributions grow.
Samsung upkeeps and expands responsibility to sustain the activities of environment preservation for the future human society, increase efforts to share prosperity with the local community, and create new values for the customers as the leading digital company of the 21st century.

Corporate governance and management system
Samsung decision-making and supervisory process enhances corporate transparency and accountable management and thus, constitutes an environment where creative and progressive entrepreneurship can be maximized. Samsung pursues the management philosophy favorable for every stakeholder in order to prevent certain stakeholders disadvantaged.

Board of directors
Samsung decision-making and supervisory process enhances corporate transparency as well as accountable management and thus, constitutes an environment where corporate value can be maximized.
The Board of Directors, the chief decision-making body of the company, consists of thirteen Directors, including six Executive Directors and seven Independent Directors. Independent Directors account for over 50% of BOD to secure independent and transparent decision-making processes.
There are two types of Board Meetings: regular and extraordinary Board Meetings. Regular Board Meeting is generally held once a quarter to make resolutions on issues including approval of quarterly financial statements and quarterly reports, and Extraordinary Board Meeting is held whenever deemed necessary. Total 8 Board Meetings were held in 2005.
The chairman shall convene the meeting of the Board of Directors. The chairman shall present agendas and reasons for the meeting 2 or 3 days before the meeting by mail, e-mail, or verbal notice provided that such notice may be omitted with the consent of all directors.
The presence of the majority of the Directors shall constitute a quorum for a meeting of the Board of Directors and the resolutions of the Board of Directors shall be adopted by a majority of the votes of the Directors attending the meeting; provided that Board meetings may take place via electronic means, such as conference call, within the scope provided by relevant laws. For fair review and reasonable decision-making, a Director having a special interest in the resolution of a general meeting cannot exercise his/her voting rights thereupon. In such case, his/her voting shall not be counted.
BOD makes a resolution on matters provided for by the relevant laws and regulations or the Articles of Incorporation, matters delegated by generals meeting of shareholders, matters related to basic policies in the company management, and matters concerning directors.
BOD recognizes the significance of the issues related to the company sustainability including

environmental and social issues as well as business-related financial issues, and is fully serving as the chief decision-making body of the company.

Emblem of Samsung

While the two ellipses at the center represent the beauty of and space for creative endeavor, the circumferences around represent the heaven, earth, mankind, and universe. Thus, the emblem in its entirety symbolizes technological creativity to build an ever more perfect environment for the human being.

Rewarding

Samsung is committed to providing its staff with an environment in which they can flourish. They look for people with energy, creativity and commitment and give them the tools they need to fulfill ambitious goals, whilst striving to attain the highest standards of professional excellence and integrity. Samsung reputation as one of the world most admired employers is hard-earned. They have achieved it by offering opportunities for their people to pursue their goals, both professionally and personally. Because they operate a truly global business, they recognize the importance of diversity; of understanding individual ways of working, and how employee can complement each other to deliver outstanding results.

Employee welfare

Samsung helps support employees in the areas of family health, children education, housing, and retirement preparation. The Company allocates large sums of employee welfare investment to support their housing, children tuition for high-quality educational opportunities, medical treatment, and leisure activities.

Employee wage and welfare

the total employee wages and bonuses totaled 2.7 trillion Korean Won in 2003, 3.3trillion Won in 2004, and 3.6 won in 2005. The Company also provided benefits such as family healthcare, children education, housing, post-retirement plans, and other life needs to enhance the quality of life for each and every one of our employees.

Support for housing

Samsung offers housing support to suit the lifestyles of employees. Dormitories or rental apartments are provided for singles. The Company flat is also provided for employees who are transferred away from their families.

Children education

The Company provides tuition for the children of employee from pre-school to college.

Support for leisure activities

The Company provides in-house cultural programs and sports and leisure facilities, paying for full or partial expenses when employees pursue cultural and leisure activities.

Medical support

Top quality medical treatment, healthcare measures, and medical expenses are provided for employees health concerns. The in-house health-screening center carries out a periodic medical examination.

Support for retirement

So that retirees can live comfortable lives, the Company facilitates a retirement pension and other solutions.

Contribution to the national economy and global communities

Samsung, known to be the largest business establishment in Korea, continues to strive toward achieving high-performance with every employee accepting responsibility for the betterment of the community and the national Economy.

Taking a broad view of the Company contribution to the Korean Economy in 2005, the Company18.8trillion Korean Won in value ads represented 2.3% of the national GDP, and US$ 46.56 billion in export reached 16.4% of the total amount of national export. In the equity market, Samsung market capitalization amounted to 108.3 trillion Korean Won, representing 16.5% in 2005.

This is clear evidence of Samsung being a main driving force behind the Economic development of the country. Samsung is keenly aware that it owes much of its success to the support of the national and global communities. Therefore, the Company is pleased to share corporate profits with communities far and wide.

Conclusion

With the increasingly importance of human resources in modern business the management of people is highlighted to be strategic. Samsung Management Philosophy is devoted human resources and technology to create superior products and services, thereby contributing to a better global society. Quot ;(Kun-He Lee, 2006) the strong determination to contribute directly to the prosperity of people all over the world. The talent, creativity and dedication of people are key factors to Samsung efforts, and the strides Samsung have made in technology offer endless possibilities to achieve higher standards of living everywhere.