

HRM in financial industry (in Japan)

historical development and future

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Global Forum for Financial Consumers
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Impact of Fintech on HRM in financial institutions?

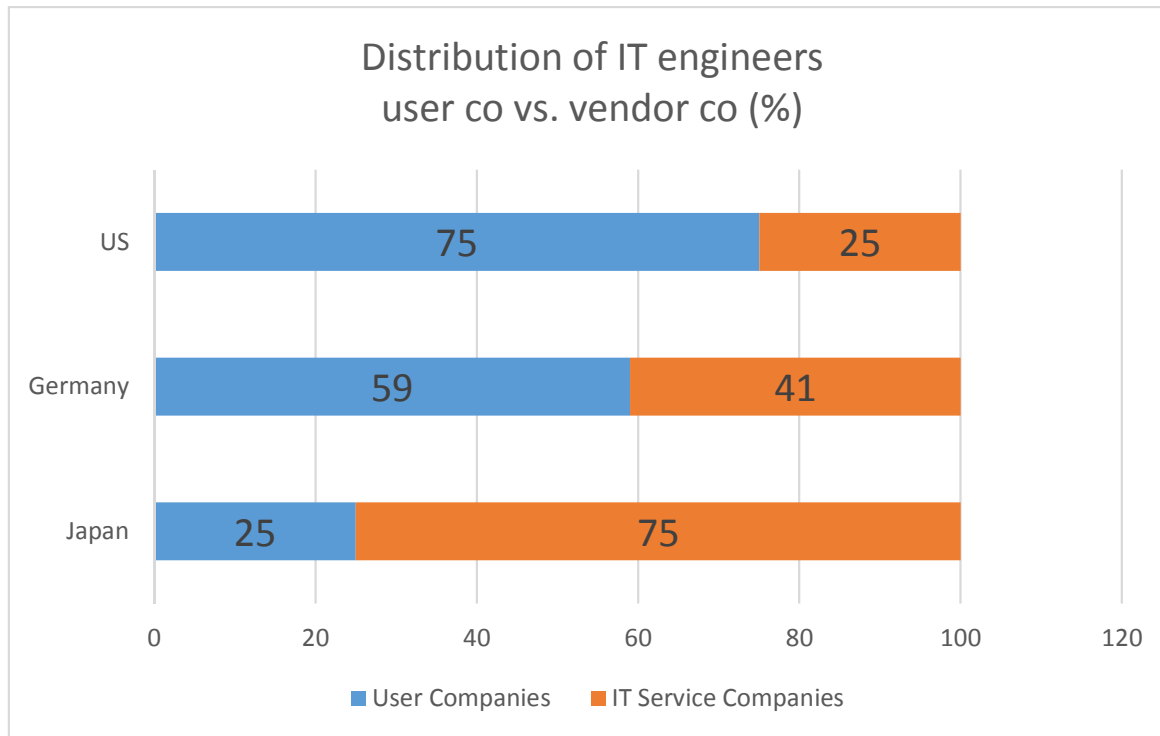
- *Dualization* of human resource needs
 - Those who can think, develop and utilize new services
 - Highly capable resources are in strong needs
 - Those who do repetitive services
 - Over the counter tasks at commercial banks
 - Even loan officers, investment advisors, etc.
- *Dualization* is common in many industries under technology changes and globalization.
 - Not just a phenomenon in financial industries
- Limitation in the speed of diffusion will alleviate the changes in HRM.
 - In service sectors, technology changes may have less immediate effects on HRM than in manufacturing...
 - Aging society with many elderly clients
 - Differentiated services to wealthy clients, etc.

Fintech and white collar workers at financial institutions

- More importantly, empirical studies indicate Japanese corporations do not *proactively* adjust HRM to technology changes per se (Yamauchi 2013, 2016)
- When technology changes develop into competitions over HR acquisition or retention, then, changes in HRM follows
 - Adjustment of HRM is a last minutes measure than a strategic option
 - Lack of leadership or results of strong employment protection in Japan?
- Two key questions:
 - If bankers are going to be the targets of hiring or poaching by ‘fintech’ companies?
 - Likely, ‘no’.
 - If banks are going to aggressively hire IT engineers or designers?
 - Banks can now legally acquire corporates and are actively investing into ‘fintech’ companies...
 - Impacts at ‘group’ level rather than at ‘bank’ level?

Problem in IT labor market: distribution of IT engineers between vendor vs. user companies

- 75% IT engineers are employed in software vendor companies in Japan
 - as opposed to US (25%) and Germany (41%)
- Many users companies do not have capacity to develop or maintain systems by themselves
 - Financial institutions are often good clients for IT companies
- Therefore, it is highly unlikely that Japanese bankers become targets of poaching



Sources:

METI (2014) for Japan and the US

Bundesagentur für Arbeit Statistik (2015) for Germany

Service deficiencies of Japanese banks

- Some deficiencies in basic services under international standard, **all IT related**
 - 24 hours ATM not fully implemented
 - Fees for simple transactions such as withdrawal at night or holidays
 - High fees for overseas remittance, etc.
 - Inability to send monthly statements to overseas
 - Short (or shortest) branch operating hours among major countries?
 - Japanese banks open from 9am to 3pm.
- All these services and related revenues will be influenced by growth of 'fintech'

Comparison of bank opening hours

New York	Citibank (Grand Central)	Citibank (Midtown)	Chase	WellsFargo	HSBC	Metropolitan National	TD Bank
Mon - Fri	8:00 - 18:00	8:00 - 18:00	8:00 - 18:00	8:30 - 18:00	8:30 - 17:00	8:30 - 18:00	定休日なし
Saturday	9:00 - 15:00						
London	Barclays (Hanover Street)	Barclays (Knightsbridge)	HSBC (Regent Street)	HSBC (Knightsbridge)	RBS	NatWest	Lloyds TSB
Mon - Fri	9:30-17:00	9:30-16:30	9:00-18:00	9:00-17:00	9:15-16:45	8:30-17:00	9:00-17:00
(Exceptions)			(Tue 9:30-18:00)	(Tue 9:30-17:00)	(Thu 9:45-16:45)	(Wed 9:00-	(Wed 9:30-17:00)
			(Thu 9:00-19:00)	(Thu 9:00-19:00)	(Sat 10:00-14:00)	(Sat 10:00-15:00)	
			(Sat 10:00-15:00)	(Sat 10:00-15:00)			
Paris	BNP Paribas	SocGen	CIC	Caixa Geral de Depositos	Banque Populaire	HSBC	Barclays
Mond - Fri	9:00-17:15	9:00-18:00	9:00-17:00	9:10-12:30 13:30-17:00	9:00-17:50	9:00-17:00	9:00-12:30 13:30-16:45
(Exceptions)		(Sat 10:00-16:45)	(Tue 10:00-17:00)	(Mon 9:10-12:30 13:30-16:45)		(Sat 9:00-13:00)	
				(3rd Thu 9:10-12:30 13:30-14:30)			
Frankfurt	Deutsche Bank (Taufenanlage)	Deutsche Bank (Rob Markt)	CommerzBank (Fürstenthof)	CommerzBank (Hauptwache)	Santander	Frankfurter Volks	Frankfurter Sparkasse
Mon - Fri	9:00-16:00	9:00-17:30	9:00-16:00	9:00-16:00	9-13:00, 14-19:00	9:00-18:00	9:00-18:00
(Exceptions)	Thu 9:00-17:30	Fri 9:00-16:00	Tue, Thu 9:00-18:00	Tue, Thu 9:00-18:00	Wed, Fri afternoon 14:00-16:00		Wed Fri 9:00 - 16:00
Milan	UBI (Banco di Brescia)	BNL (Paribas)	Intesa Sanpaolo	Banca popolare di Bari			
Mon - Fri (Morning)	8:30-13:30	8:35-13:35	8:30-13:30	8:20-13:20			
Mon - Fri	14:45-16:05	14:45-16:15	14:45-16:15	14:35-15:35			
		8:35-12:05 (祝前日)	8:30-12:45 (半休日)	8:20-11:15 (半休日)			
Brussels	ING	BNP Paribas	Deutsche Bank	KBC			
Mon - Fri	9:00-4:00	9:00-4:00	9:00-4:30	9-12:30, 13:30-16:30			
(Exceptions)		(木 9:30~16-19:00, 土午前予約制)	土 予約制	(木 10:30-12:30, 13:30-18:00)			

Japanese banks open
from 9am to 3pm

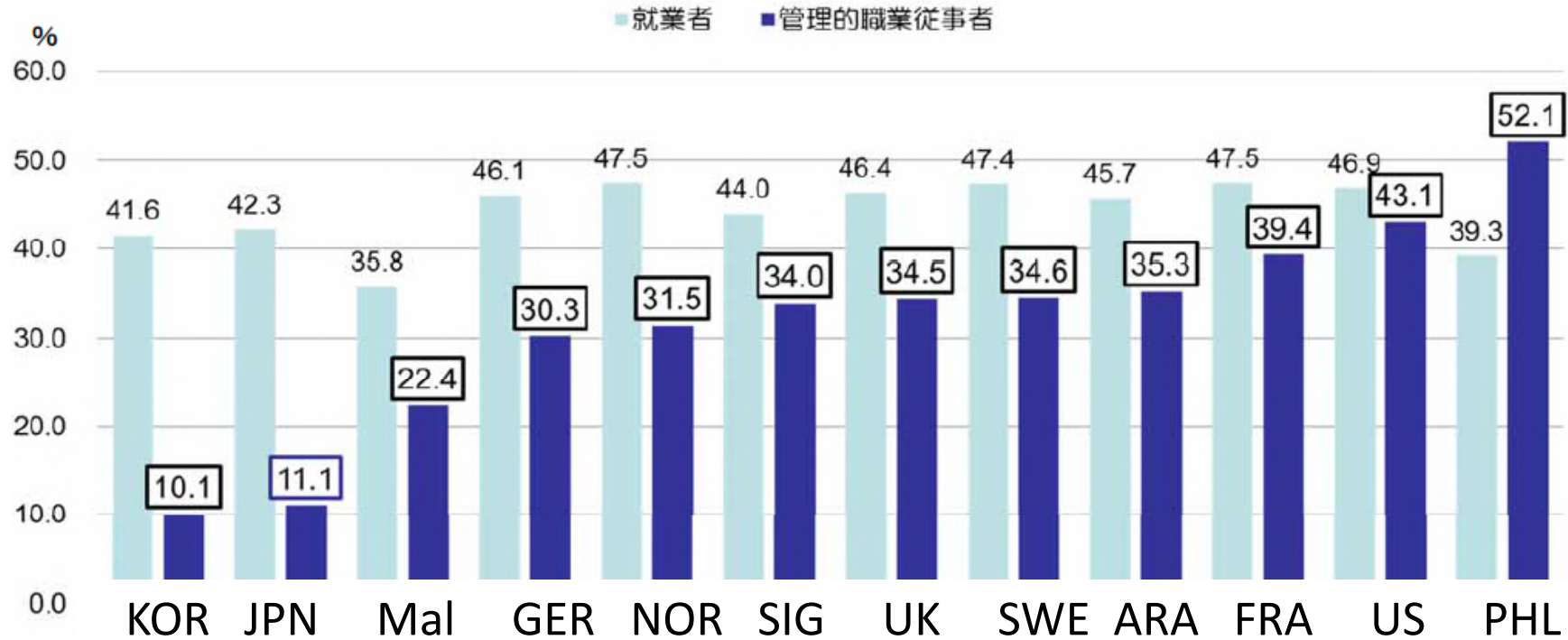
Complaints from women
who work...

Anglo-Saxon countries have little employment restriction and banks open long hours

European continental countries have many labor restrictions but they operate longer than Japanese banks

In Germany, women's participation in labor market promoted extension of opening hours at banks and public services⁶

Low Ratio of Female Managers



(備考) 1. 労働力調査(基本集計)(平成24年)(総務省)、データブック国際労働比較2013((独))労働政策研究・研修機構)より作成。

2. 日本は2012年、その他の国は2011年のデータ。

Prime Minister's Office 2014

HRM at financial institutions mirrors traditional Japanese model

- Large financial institutions are most established organizations
- Characteristics of J-employment system
 - LTE (life time or long term employment)
 - *Nenko* (seniority plus merit pay and promotion principles)
 - New graduate centered hiring
 - Internal training
 - Internal promotion
 - Regular job rotations
 - Firm specific broad skills (rather than job-based)

History of Regular Job Rotation at banks

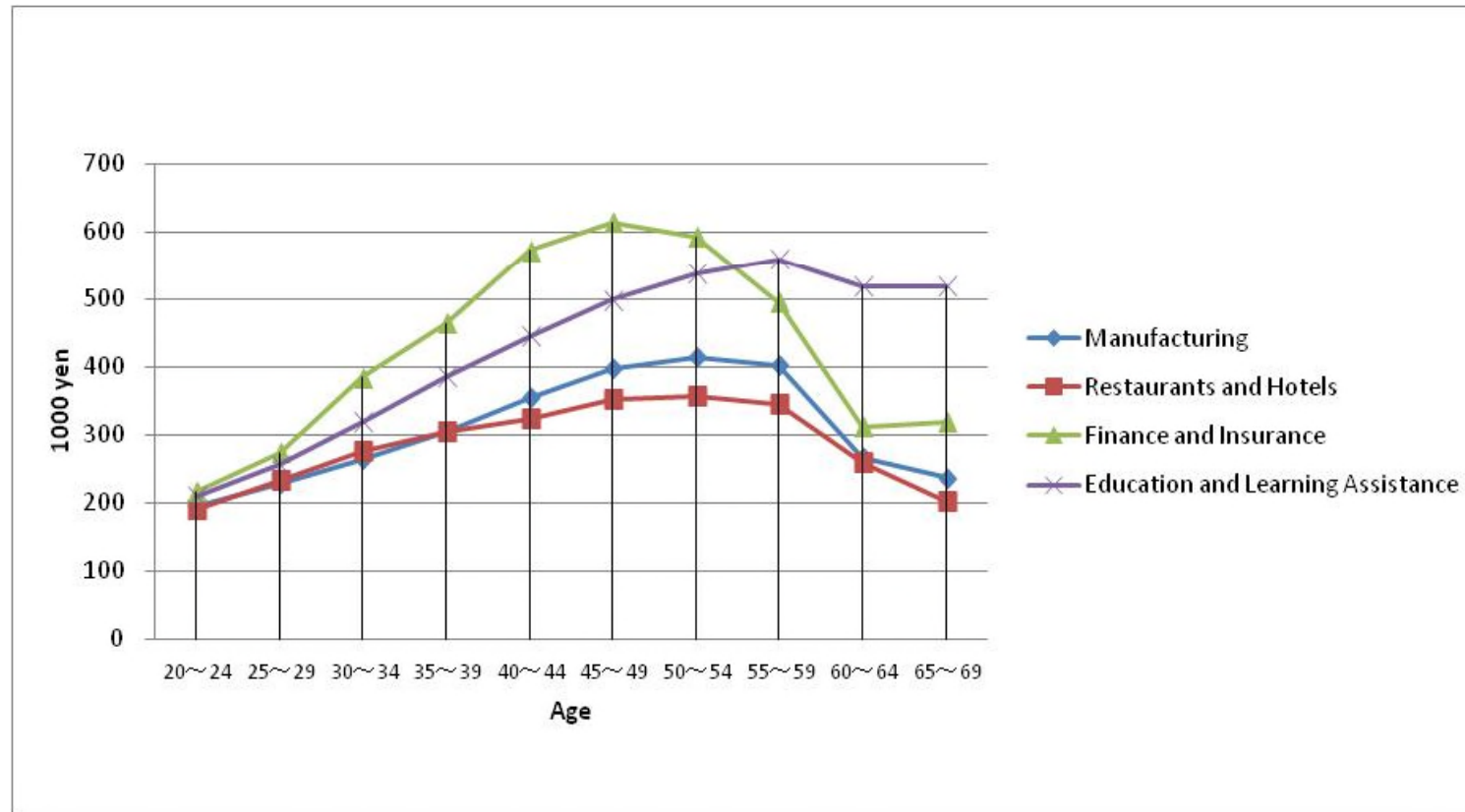
- Job rotation contributed to flexible production system in manufacturing sector
 - By equipping multiple skills with shop floor workers
- In financial industry, most Japanese bankers say it is for ‘compliance’ purposes
 - sales reps need to move every several years in order to prevent money fraud
- Literature review indicates that purposes of job rotation have changed over time
 - 1940’s—
 - To motivate or challenge employees with various tasks (Fujishiro, 1940), because it is boring to do the same job all the time ...
 - 1960’s —
 - To staff growing branch network and train broad skills (Fukuda 1962, Ishitsuna 1966)
 - 1980’s—
 - To prevent money fraud (Compliance)
 - Job rotation is included in FSA inspection manual?
 - Bankers think it is obliged by the authority

HR trend particular to financial sectors: ① Steep Wage Curve

Wage increases rapidly in ages 20's and 30's and declines rapidly in 50's

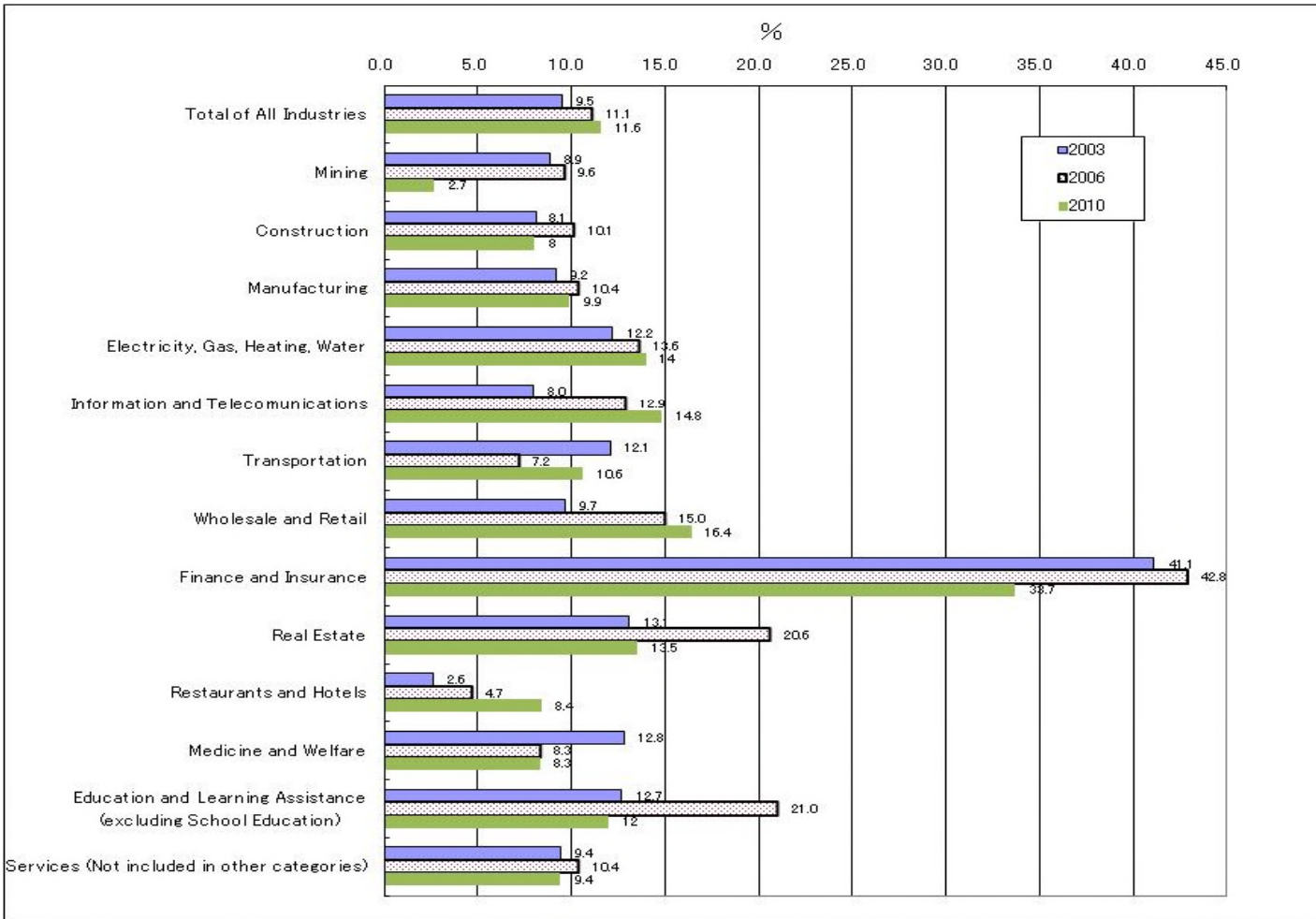
Limited benefits from long term skill formation?

An HR policy to deprive title and relevant salaries of aged employees (*yakushoku-teinen*)



HR characteristics particular to financial sectors:

② Wide usage of multiple job fields



Divide employees into different groups based on career aspiration, educational background

Job Fields include;

'Sōgō-Shoku' (career employees), who rotate among various roles and locations and eventually rise to (senior) management

'Ippan-Shoku', who conduct clerical works at same locations

'Area Sōgō-Shoku' or **'Special Sōgō-Shoku'**, who conduct sales activities to retail clients in neighboring branches without subject to relocation

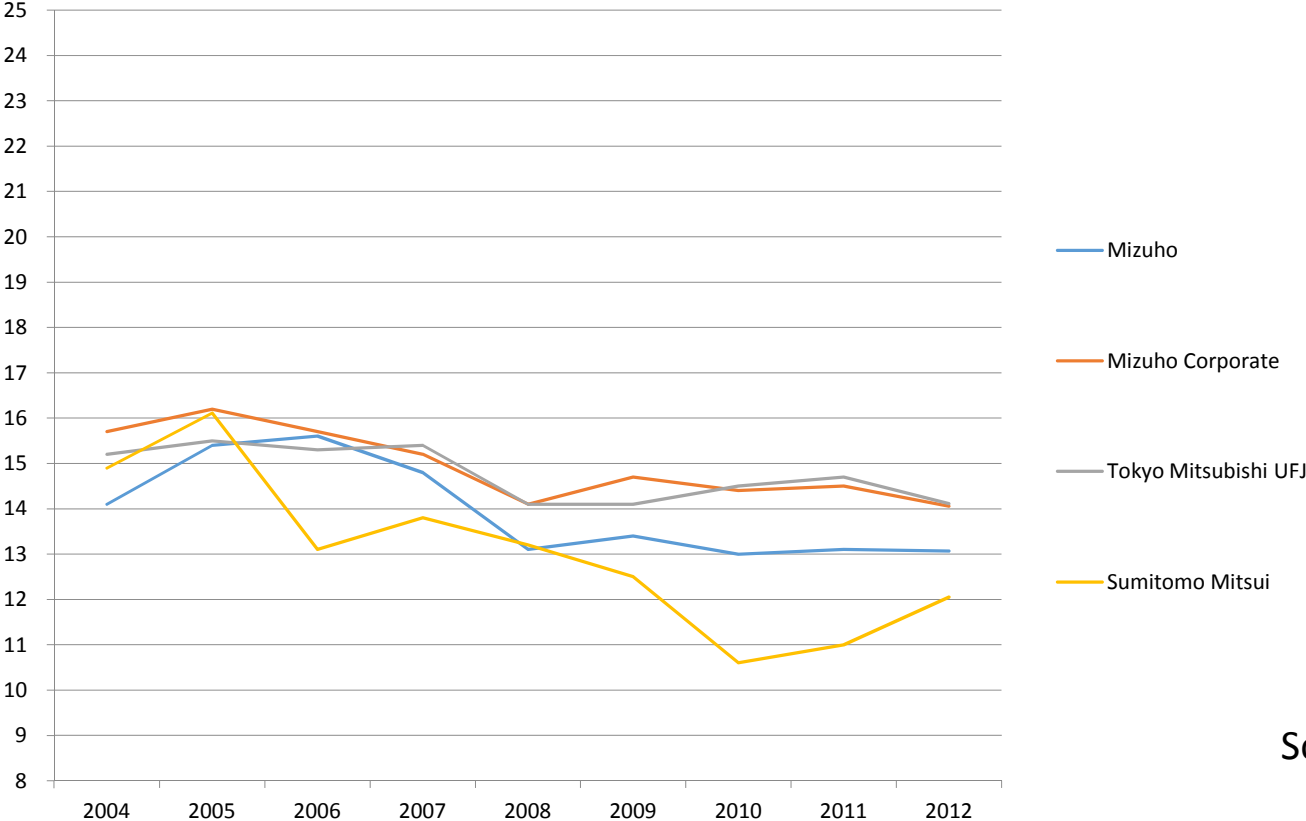
Discrimination of women?
Or mobilization of women?

Recent Changes in HRM of 'Sōgō-Shoku

- Career path has become more explicitly divided between retail and corporate businesses
 - '*Sōgō-Shoku*' now focus on corporate businesses
 - It was customary that '*Sōgō-Shoku*' start with retail business, then, rotate to corporate, HQ....
 - Retail businesses are now mainly done by 'area *sōgō-shoku*'
 - Introduction of 'Specialized Career Courses'
 - Select employees can stay in some professional fields such as IB, CM, Researches, etc. without subject to job rotation
- Compensation has become more individualized
 - Increase in performance orientation in sales functions
 - New job field is established particularly for mid career employees (often from foreign banks) to pay them higher salaries than those of regular *sōgō-shoku*' with explicitly reduced job security
- Increase in labor liquidity and decline in tenure

Average Employment Tenure: gradual decline

Financial Sector



Source: Financial Reports (each year)

Changes in HRM expanded sub-sector differences: differences in competitive pressures

- Changes are most pronounced at **securities companies**
 - Performance orientation or individualization in compensation are significant, etc.
- Changes are slowest in **life insurance companies**, which experienced least global pressure
 - LTE and *nenko* continue to be observed.
- **Banks** are in-between, having both internationally highly competitive businesses as well as domestic commercial banking operations immune from competitions with foreign banks, though now threatened by fintech...
- Background of divergence: Difference in competitive pressures
 - Foreign MNCs' hiring activities increased labor liquidity and triggered erosion of traditional practices and introduction of new policies at Japanese firms

Yamauchi (2013, 2016)

Background of sub-sector divergences: differences in competitive pressures

		Securities	Banks	Life Ins.
Competitive Forces	International Transferability of Products	High	Mixed Depending on Product	Low
	Major Clientele	Listed Companies Institutional investors Wealthy Investors	Mixed	Ordinary Individuals
	Local Network (Branches & Sales Offices of largest Co. in each sector)	164 (largest Sec)	786 (largest Bank)	1,725 (largest Life)
Institutional Forces	Requirement for Establishment	Registration	License	License
	Number of entities	283 (Type 1) 1,269 (Type 2)	702	43

Sectors with strong global competitions lead changes
Sectors with low global competitions only follow changes

Source: FSA, financial report of each company

Historical development of HRM in financial industry

WW2 and investor changes

- Japan had a more shareholder oriented economy before WWII
- *Zaibatsu*, landlords, etc., were major investors, who were more entrepreneurial
- Wartime control has changed the landscape of financial businesses
- ‘Main Bank’ system was also created or reinforced during WWII (Ito 1985, 1993)
 - Because banks were obligated to lend to particular (military) industries
 - Although coordination among *Zaibatsu* groups had existed before WWII (Horiuchi 1999)

Post-War reforms changed investor landscape

- Land reform, dissolution of *zaibatsu*, abolishment of aristocracies, etc., had collapsed traditional investor base and changed the nature of financial businesses



History of Nagaoka Family, 1988

Collapse of investors and changes in financial businesses

(Nikami 1994)

- Decline in fixed income business
 - Major 4 Sec. companies (Nomura, Daiwa, Nikko, Yamaichi) were bond houses before WWII
 - They lost bond business, as banks became major buyers of bonds because of BoJ loans
- Transformation of equity business
 - Due to lack of broad investors, right issuances had to target particular investors
 - The roles of securities companies were limited in underwriting shares
- These investors experienced temporary shortages of cash
 - Securities companies had to buy back and sell existing shares to other investors
 - Origin of the sales practice to intensely recommend same stocks (大量推奨販売)
- In this way 'Major 4 companies' had become major stock brokers
 - Because they had larger branch network to reach out more dispersed investors
 - Fixed income business required local network to reach out local issuers (e.g. municipals) and back office functions to ensure interest payments, etc.

Changes in equity business and Impact on HRM

- Stock sales were mostly commission based (歩合) before WWII
 - same as US today
- Commission sales were independent and did not follow the orders of securities companies to recommend particular stocks
- Securities companies, thus, hired stock sales to internalize sales function and start paying fixed salaries (Nikami 1994)
 - ***Paradoxically to conventional view***, fixed salaries were introduced in order to have sales persons follow the orders of companies to recommend particular stocks
 - Today some HR Managers say
 - ‘Commission sales are usually region-based and know investors for long term’
 - “*Sōgō-Shoku*’, who rotate every several years, often care about short term relationship during their assignments period’
 - No perfect compensation scheme

Pros and Cons of compensation scheme (from institutions' perspective)

fixed salary vs. commission

Primary compensation	Pros	Cons
Fixed Salary	<ul style="list-style-type: none">▪ Sales reps follow what companies say <p>(But if companies are wrong, they will be wrong)</p>	<ul style="list-style-type: none">▪ Sales reps are not motivated to sell (Agency Theory)▪ Because fixed cost is high, companies have to push sales reps or increase performance orientation
Commission-based	<ul style="list-style-type: none">▪ Fixed cost is low, so, companies do not have to push sales reps▪ Sales reps are independent and build long term relationship	<ul style="list-style-type: none">▪ Turnover is high, as weak sales reps often quit the jobs

Comparison of revenue structure and pay scheme: US vs. Japan (retail sales)

Japan and US have similar financial industry structure, where banks, securities companies, life insurance companies are all separate vis. a vis. [European universal banking model](#)

	Bank	Sec	Life
Traditional Main Revenue Stream	Recurring revenue (Loan, Deposits) Basic transactions (remittance, etc.)	Commissions (Stocks, Bonds)	Recurring revenue (insurance) Penalty in case of early termination
Main compensation Scheme for Sales Reps in branches/sales offices (retail)	Fixed salaries (US and Japan)	Commissions (US) Fixed Salaries (Japan) Gap between Rev and Cost in Japan	Commissions (US and Japan)

Recent trends:

Low interest rates threaten recurring revenues of financial institutions all over the world, increasing the gaps between revenue structure and cost (compensation).

As banks try to increase transactional revenues, chances of misbehavior are ripe (Wells Fargo, etc.)

Thank you!

Financial deregulation changed distribution channel of MFs

Now more sales are involved in selling securities products (mutual funds) at banks than at securities companies, though the range of products banks can deal with is limited to certain products.

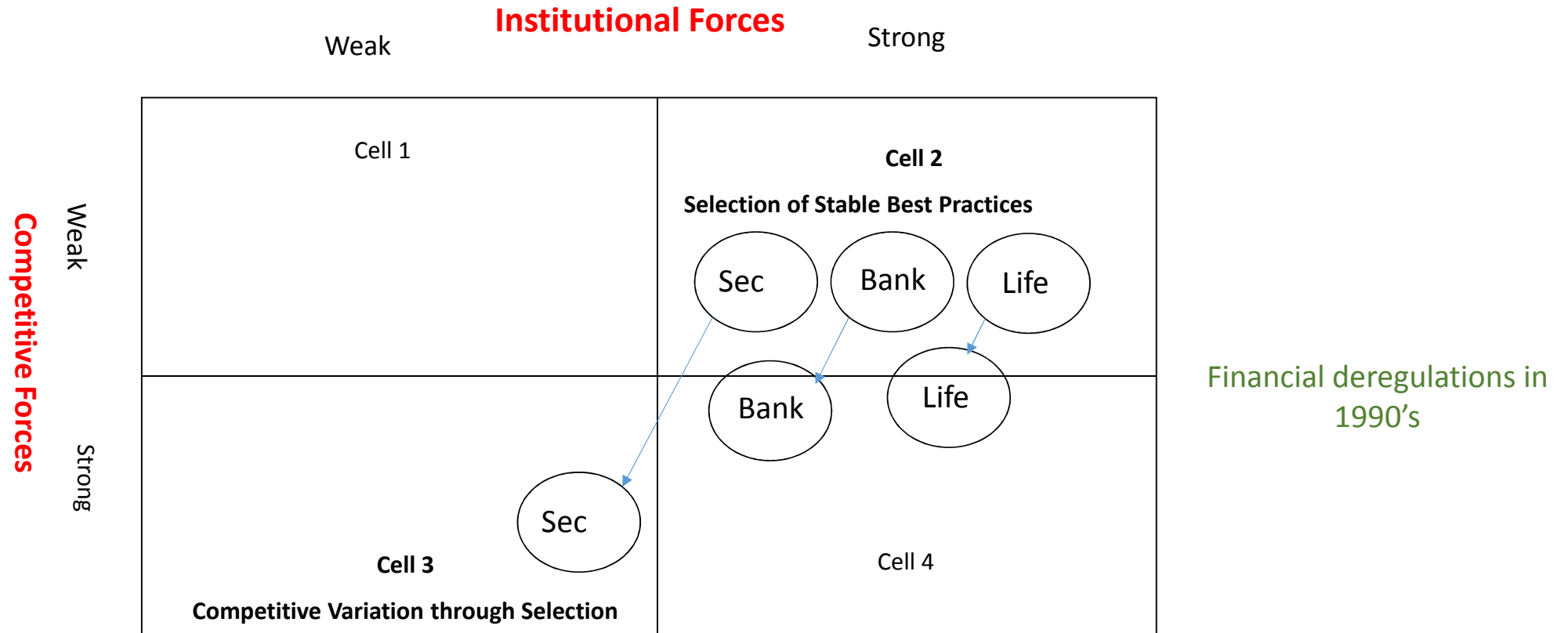


350,000 sales reps registered at Banks vs. Only 75,000 at Securities Co.s

Source : Japan Securities Dealers Association (JSDA)

Factors behind divergence institutional and competitive forces vs. HRM

Level of competitive and institutional forces influence changes and divergence of HRM;

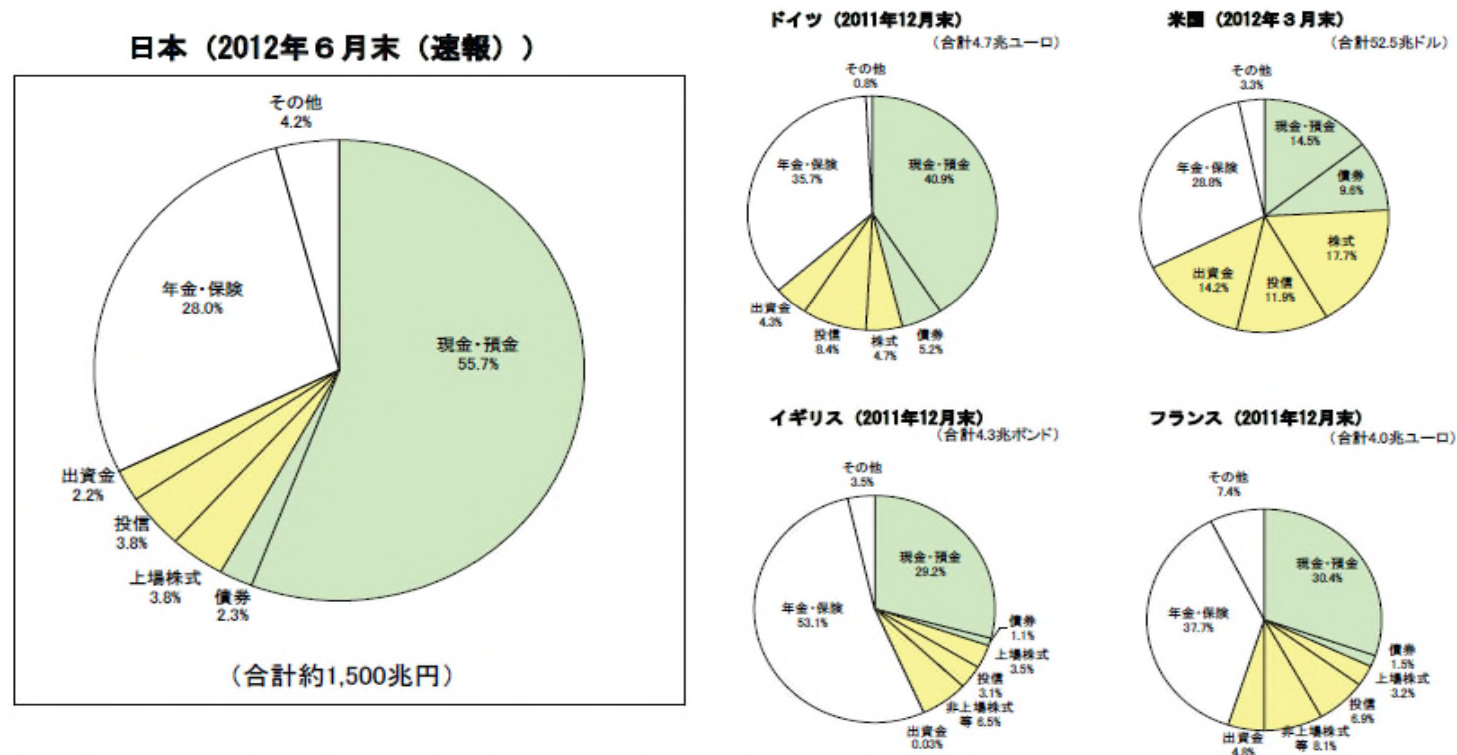


Number of employees, branches, per sub-sector

	支店数	出張所数/ 営業所数	国内拠点数	従業員数
三菱東京UFJ銀行	672	89	761	30515
三井住友銀行	505	151	656	24212
みずほ銀行	423	39	462	19237
野村証券	168	9	177	12893
大和証券	118	7	125	8012
SMBC日興証券	109		109	8208
日本生命	115	1570	1685	70004
住友生命	73	1516	1589	56976
第一生命	85	1259	1344	42098

Risk averse Japanese investors

- Allocatic
- Venture



(注) 日本は「家計」をベースとした値。ドイツ、米国、イギリス、フランスは「家計」+「民間非営利団体」をベースとした数値。

(出典) 日本: 日本銀行「資金循環統計」、ドイツ: Deutsche Bundesbank "Financial Accounts for Germany"、米国: Federal Reserve Board "Flow of Funds Accounts"、イギリス: Office for National Statistics "United Kingdom Economic Accounts"、フランス: Banque de France "Quarterly financial accounts France"

Why multiple factors?

- Lack of wealthy families
- データ、相続税、所得税(森信)
- NRI
- Vitols
- Fee
- 投信の流出入(NRI)

Fund sales by type of distributors

Fund balance (all types)

販売態 Distribution Channel	証券会社 Securities Companies				銀行等 (登録金融機関) Registered Financial Institutions				直販 (投資信託会社) Direct Marketing				合計 Total		公募投資信託 Publicly Offered Investment Trusts	
	金額 Value	比率 Percent	金額 Value	比率 Percent	金額 Value	比率 Percent	金額 Value	比率 Percent	金額 Value	比率 Percent	金額 Value	比率 Percent	金額 Value	比率 Percent	金額 Value	比率 Percent
年末 End of Year		%		%		%		%		%		%		%		%
2004年	32,042,880	56.62	26,797,193	65.36	23,318,429	41.20	13,879,334	33.85	1,231,689	2.18	320,225	0.78	56,592,998	100.00	40,996,752	100.00
2005年	42,509,757	52.49	34,196,528	61.78	36,561,833	45.14	20,797,207	37.58	1,919,123	2.37	353,937	0.64	80,990,713	100.00	55,347,672	100.00
2006年	48,091,713	47.19	39,495,564	57.30	51,592,707	50.62	28,999,602	42.07	2,230,283	2.19	432,459	0.63	101,914,703	100.00	68,927,625	100.00
2007年	54,170,620	46.78	45,323,235	56.82	59,535,063	51.42	33,996,170	42.62	2,085,623	1.80	441,180	0.55	115,791,306	100.00	79,760,585	100.00
2008年	36,005,894	46.34	29,603,126	56.77	40,218,906	51.76	22,266,356	42.70	1,477,464	1.90	276,985	0.53	77,702,264	100.00	52,146,467	100.00
2009年	42,108,646	46.21	35,252,760	57.36	46,777,269	51.33	25,838,772	42.04	2,236,951	2.45	363,655	0.59	91,122,866	100.00	61,455,187	100.00
2010年	44,316,921	46.97	37,866,435	59.43	47,351,529	50.19	25,470,611	39.97	2,678,235	2.84	383,105	0.60	94,346,685	100.00	63,720,151	100.00
2011年	39,939,863	46.51	34,298,046	59.83	43,206,168	50.32	22,690,432	39.58	2,723,989	3.17	338,825	0.59	85,870,020	100.00	57,327,302	100.00
2012年	45,469,801	47.42	39,268,835	61.30	47,097,617	49.12	24,387,208	38.07	3,314,791	3.46	407,665	0.64	95,882,209	100.00	64,063,708	100.00
2013年	61,336,833	50.30	54,093,812	66.35	56,191,897	46.08	26,894,481	32.99	4,407,691	3.61	535,012	0.66	121,936,421	100.00	81,523,304	100.00

Fund balance (Equity types)

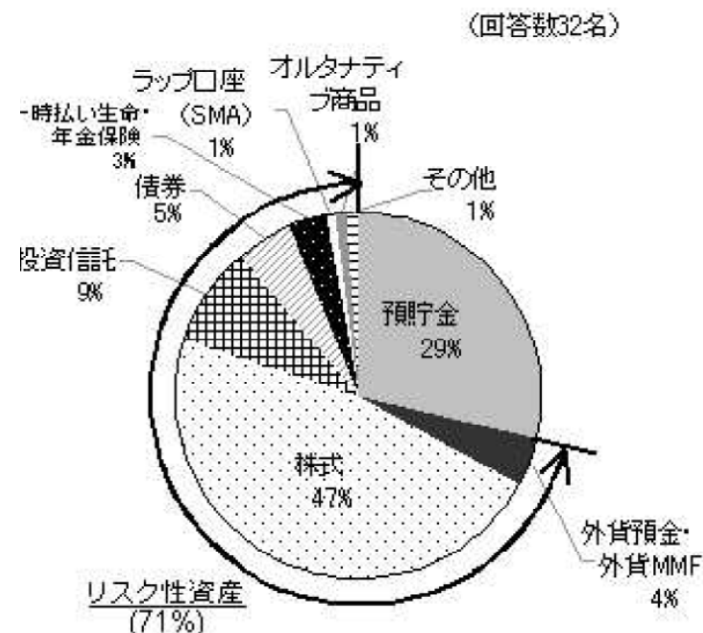
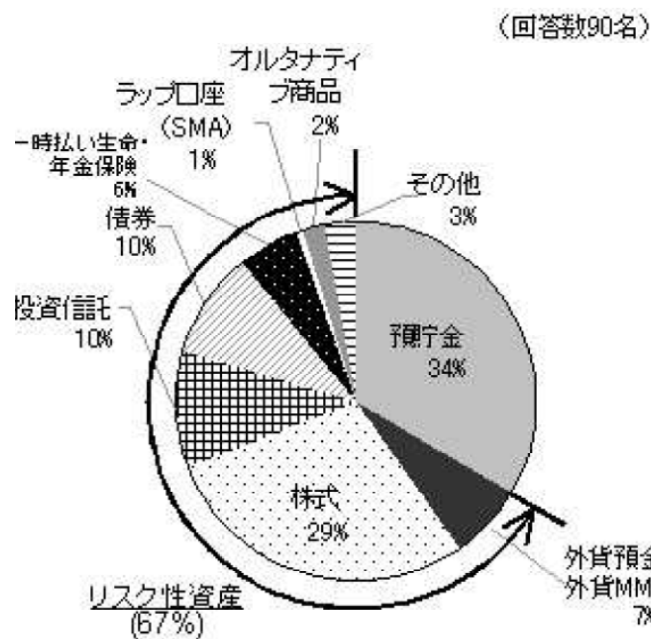
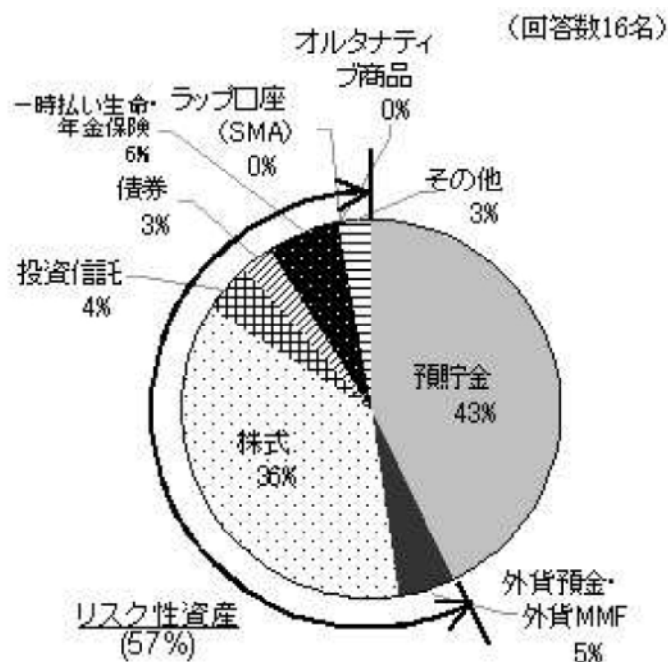
販売態 Distribution Channel	証券会社 Securities Companies				銀行等 (登録金融機関) Registered Financial Institutions				直販 (投資信託会社) Direct Marketing				合計 Total		公募投資信託 Publicly Offered Investment Trusts	
	金額 Value	比率 Percent	金額 Value	比率 Percent	金額 Value	比率 Percent	金額 Value	比率 Percent	金額 Value	比率 Percent	金額 Value	比率 Percent	金額 Value	比率 Percent	金額 Value	比率 Percent
年末 End of Year		%		%		%		%		%		%		%		%
2004年	19,248,293	45.74	14,497,609	52.84	21,730,818	51.64	12,632,974	46.05	1,102,559	2.62	304,685	1.11	42,081,670	100.00	27,435,268	100.00
2005年	28,433,329	43.37	20,576,903	50.40	35,331,391	53.90	19,908,635	48.76	1,788,206	2.73	343,419	0.84	65,552,926	100.00	40,828,957	100.00
2006年	35,170,111	40.04	26,925,572	48.38	50,559,723	57.56	28,310,056	50.86	2,114,915	2.41	422,246	0.76	87,844,749	100.00	55,657,874	100.00
2007年	41,569,115	40.68	33,064,533	49.51	58,613,550	57.36	33,288,246	49.84	2,008,535	1.97	431,648	0.65	102,191,200	100.00	66,784,427	100.00
2008年	24,995,521	37.98	18,938,330	46.37	39,407,226	59.88	21,634,953	52.97	1,407,330	2.14	268,856	0.66	65,810,077	100.00	40,842,139	100.00
2009年	31,055,965	39.20	24,586,428	48.93	46,041,715	58.12	25,300,467	50.36	2,122,284	2.68	356,776	0.71	79,219,964	100.00	50,243,671	100.00
2010年	33,166,452	40.26	27,102,553	51.66	46,650,688	56.63	24,984,620	47.62	2,559,438	3.11	377,406	0.72	82,376,578	100.00	52,464,578	100.00
2011年	29,515,745	39.51	24,174,036	51.70	42,510,191	56.91	22,253,969	47.59	2,673,949	3.58	333,834	0.71	74,699,885	100.00	46,761,839	100.00
2012年	34,452,965	40.91	28,541,093	53.94	46,495,625	55.21	23,968,133	45.30	3,263,023	3.87	404,653	0.76	84,211,613	100.00	52,913,879	100.00
2013年	44,917,894	42.92	38,175,467	58.71	55,371,832	52.91	26,319,841	40.47	4,356,563	4.16	532,198	0.82	104,646,290	100.00	65,027,506	100.00

Ratio of risk assets by household asset size

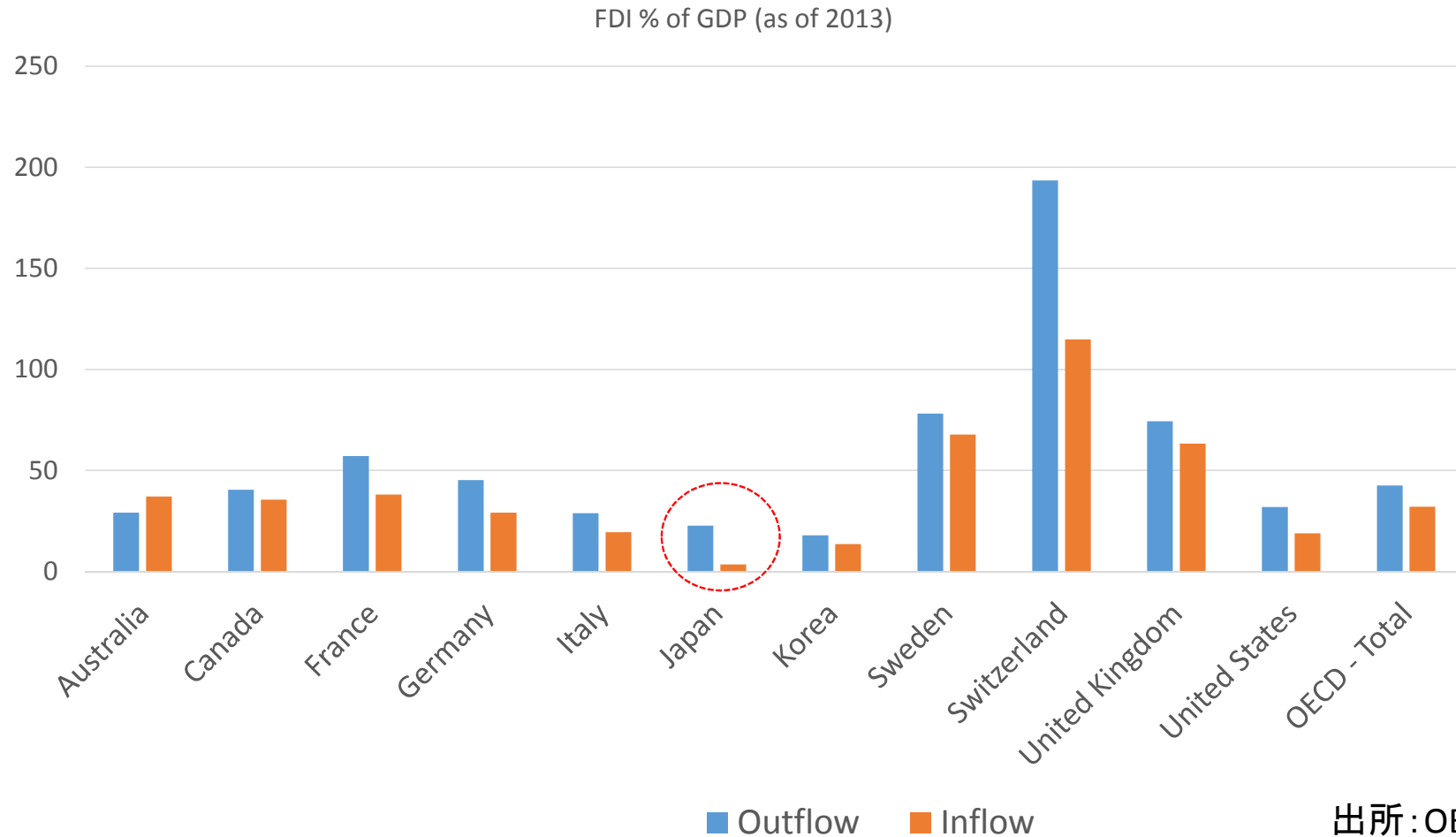
JPY50mio ~ JPY100mio

JPY100mio ~ JPY500mio

JPY500mio ~



直接投資累計 (FDI outflow and inflow) % of GDP (as of 2013)



Advisor rankings in cross-border M&A deals

In-Out					Out-In				
Rank	Financial Advisor	Ranking Value inc. Net Debt of Target (Yen)	Mkt. Share	Number of Deals	Rank	Financial Advisor	Ranking Value inc. Net Debt of Target (Yen)	Mkt. Share	Number of Deals
1	Mitsubishi UFJ Morgan Stanley	799,109	23.7	14	1	Nomura	517,590	55.9	17
2	J.P. Morgan	742,146	22.0	6	2	Mitsubishi UFJ Morgan Stanley	437,613	47.2	4
3	Citi	733,665	21.8	8	3	Bank of America Merrill Lynch	414,440	44.7	4
4	Bank of America Merrill Lynch	695,512	20.6	9	4	Goldman Sachs & Co	403,510	43.6	3
5	Nomura	460,876	13.7	20	5	J.P. Morgan	400,668	43.3	2
6	UBS	397,157	11.8	4	5*	Perella Weinberg Partners LP	400,668	43.3	2
7	Lazard	378,642	11.2	4	5*	Barclays Capital	400,668	43.3	2
8	Centerview Partners	355,363	10.5	1	8	Deutsche Bank AG	142,245	15.4	5
9	Goldman Sachs & Co	253,994	7.5	8	9	Sumitomo Mitsui Finl Grp Inc	100,278	10.8	11
10	Rothschild	252,233	7.5	4	10	BNP Paribas SA	72,602	7.8	1

Weakness of Japanese financial institutions in global businesses

Source: Thomson Reuters (2010)

Weakness in overseas businesses

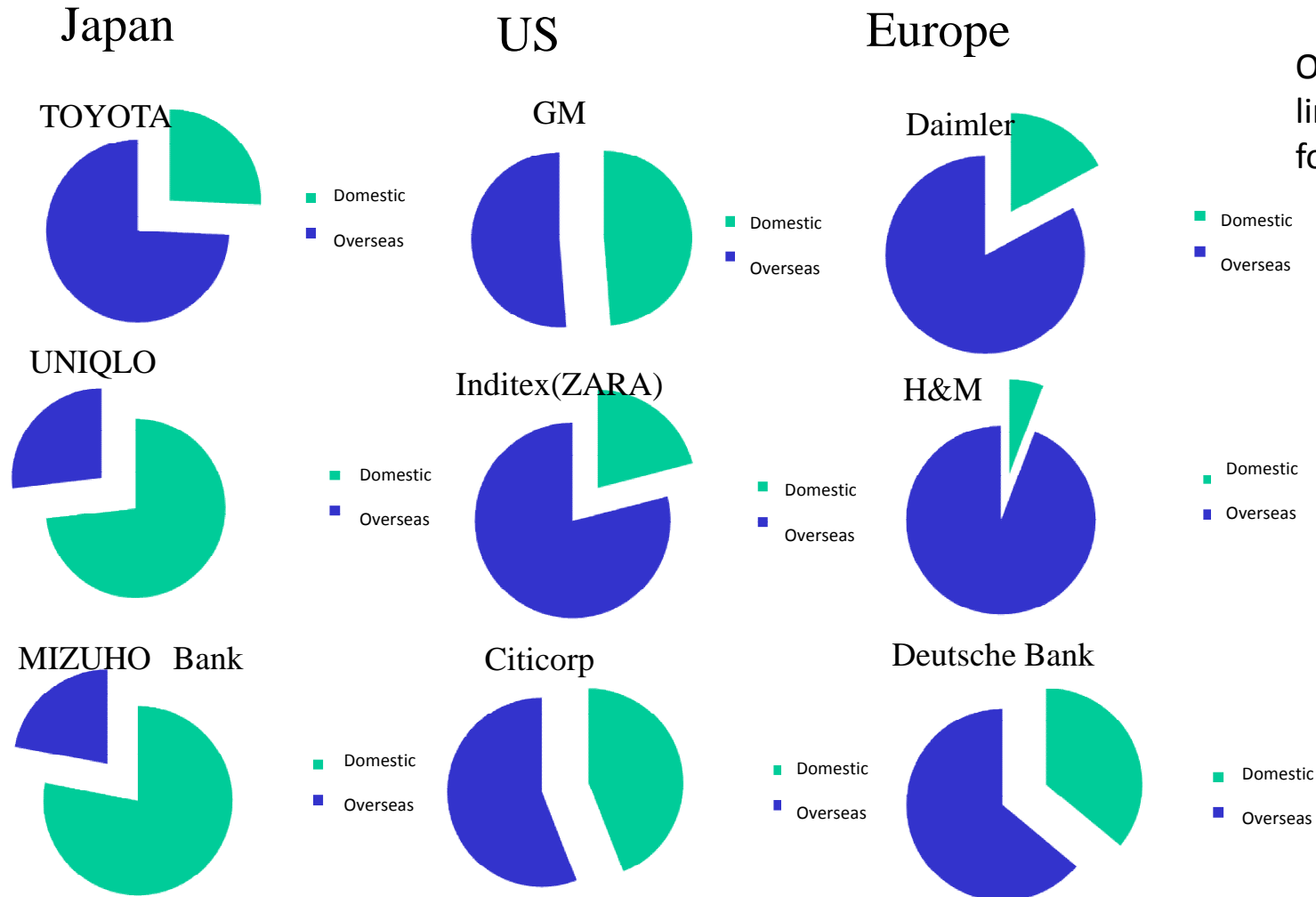
	2009	2010	2011	2012	2013
三菱東京UFJ	2,492,900	2,477,400	2,567,800	2,577,600	2,647,300
うち海外%	27%	28%	26%	28%	32%
みずほ	1,635,386	1,904,073	1,852,942	1,871,479	1,941,965
うち海外%	18%	18%	15%	19%	22%
三井住友	1,913,043	1,958,422	2,115,820	2,183,337	2,189,184
うち海外%	19%	19%	16%	19%	24%
野村	312,627	1,150,822	1,130,698	1,535,841	1,813,631
うち海外%	-43%	47%	42%	24%	23%
Citi		65,560	64,571	69,850	71,747
うち北米以外%		59%	63%	57%	56%
JPMC		102,694	97,234	97,031	
うち北米以外%		21%	25%	19%	
Deutsche		28,746	33,264	34,719	
うちドイツ以外%		69%	61%	64%	
うちドイツを含むEMEA以外%		39%	30%	35%	
Credit Agricole			15,954	16,015	
うちフランス以外			52%	49%	
UBS		31,994	27,789	25,442	
うちスイス以外%		60%	59%	57%	

出所：各金融機関の有価証券報告書、及び、アニュアルレポート、邦銀は銀行単独、野村は野村ホールディング、シティはシティコープ、JPモルガン、ドイツ銀行、UBSはグループレベル

単位：米銀は百万ドル、ドイツ銀行は百万ユーロ、UBSは百万スイスフラン、邦銀については百万円
収益については金融費用控除後、人件費など営業費用控除前、邦銀については業務粗利益

Very conservative attitude among bankers

Ratio of Foreign Sales (JPN, US, EU)



Overseas sales has been limited in many J-MNCs except for automobile

For US companies North American Countries (US, Canada, Mexico) are included in Domestic Sales



2016 Global Forum for Financial Consumers

NCS Learning Modules in Korea

Mi Soo Choi(Seoul Digital University)



INDEX

1. Concept of NCS Learning Modules
2. Issues of NCS Learning Modules
3. Finance & Insurance NCS
4. Finance & Insurance Learning Modules
5. Recommendations

1. Concept of NCS Learning Modules

- ◆ The National Competency Standards(NCS) and NCS learning modules are developed as the basic infrastucture for linkage between job, qualification, education and training.
- ◆ NCS is a set of knowledge, skills and attributes required to perform a particular job in industry, which are standardized by the State by industry and competency level. They are not only a job specification but also an HRD guideline for the relevant job area.
- ◆ A learning module is a teaching and learning guidebook designed to allow people to acquire competency units prescribed in NCS through education and training.
It describes in detail theoretical knowledge and practical skills to help people learn a specific job.

1. Concept of NCS Learning Modules

- ◆ Specifically, Korea have its goal to develop the infrastucture for NCS–based human resources systems as soon as possible, with the development schedule of NCS and NCS learning modules.
- ◆ The NCS learning modules has its goals to boost effective utilization of the NCS units in the fields of education and training. It means that the concept of NCS learning modules is subject to the utilization of NCS units. Therefore, the NCS learning modules should be developed and conceptualized based upon the its linkage between education and qualifications.

2. Issues of NCS Learning Modules

◆ First, the characteristics of NCS learning modules should be arranged. The NCS learning modules has the characteristics of learning materials for the NCS competency units. For this characteristics, the utilization of NCS learning modules would be limited if the NCS competency units were modified or partially utilized in the education and training sector. This issue could be due to the conceptual ambiguity between NCS learning modules and NCS-based curriculum.

Therefore, the characteristics and status of NCS learning modules should be arranged based upon the linkages between NCS, education and training programs, and qualification framework.

2. Issues of NCS Learning Modules

◆ The second issue is about the target of NCS learning modules. Because the NCS learning modules is developed for each NCS unit, the targets of learning modules are subject to the NCS unit levels.

However, the NCS levels, which are assigned for each competency unit, are not perfect. The consistency and validity of the NCS levels are not sufficient. For this reason, the clear standard should be constructed for the target of each NCS learning module.

2. Issues of NCS Learning Modules

◆ Third, the quality control system should be established for developing and maintaining the NCS learning modules. Especially, the NCS learning modules quality control systems should give some guidelines for the modification of related NCS units and its learning modules, as well as guidelines for effectively using the NCS learning modules.

Conceptually, the NCS learning modules has its goals to boost effective utilization of the NCS units in the fields of education and training. It means that the concept of NCS learning modules is subject to the utilization of NCS units. Therefore, the NCS learning modules should be developed and conceptualized based upon the its linkage between education and qualifications.

3. Finance & Insurance NCS

Finance & Insurance unit

◆ Finance

- 1) Financial business: enterprise, private banking, credit card
- 2) Financial product development: deposit & loan, investment product, pension, credit card
- 3) Credit analysis: personal credit analysis, corporate credit analysis
- 4) Asset management: fund, stock&bond, derivatives
- 5) Financial business support: settlement, risk management
- 6) Securities·foreign exchange: securities, foreign exchange, foreign trade finance

3. Finance & Insurance NCS

Finance & Insurance unit

◆ Insurance

- 1) Insurance product development: trend analysis, Insurance product development, insurance actuary
- 2) Insurance business & contract: marketing, Insurance contract, risk management
- 3) Claim adjustment: property adjustment, automobile adjustment

4. Finance & Insurance Learning Modules

Finance & Insurance unit

- ◆ Insurance product development: *trend analysis*
 - Macroeconomic analysis
 - Financial industry analysis
 - Insurance consumer analysis
 - Insurance market trend analysis
 - Marketable product analysis
 - Product risk analysis
 - Reinsurance analysis
 - Marketing strategy analysis
 - Development proposal
 - Corporate social responsibility strategy

5. Recommendations

- ◆ Improving the infrastructure for utilizing the NCS learning Modules
 - Establishing the monitoring system of the NCS learning modules
 - Sharing the various cases of teaching plans or texts based upon the NCS learning modules
 - Improving the on-line based system of maintaining and delivering the NCS learning modules
 - Using the industrial/sectoral bodies for maintaining and managing the NCS learning modules

5. Recommendations

- ◆ Improving the development system of NCS learning modules
 - Clarifying the concept of NCS learning modules in linked with NCS-based curriculum
 - Strengthening the development process of NCS learning modules for flexibility
 - Developing the underpinning knowledge or skills that not included in NCS into learning modules

5. Recommendations

- ◆ Clarifying the concept of NCS–based curriculum for fostering the NCS learning modules
 - Setting up the standards of using the NCS units for developing the NCS–based curriculum
 - Setting up the guidelines for managing and evaluating the NCS–based curriculum
 - Introducing the accreditation system of NCS–based curriculum



Thank You !

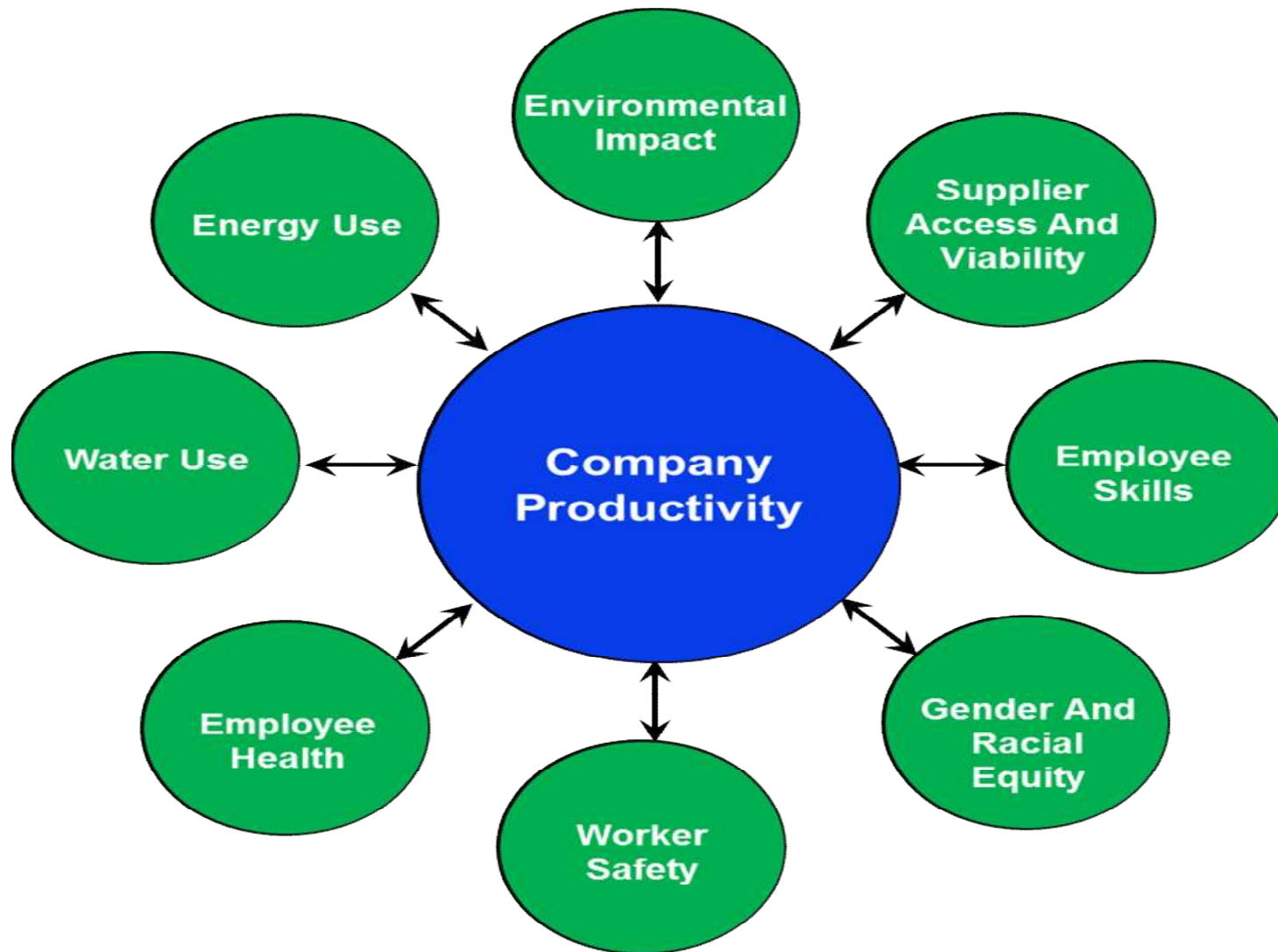


Creating Shared Value (CSV) in Korea

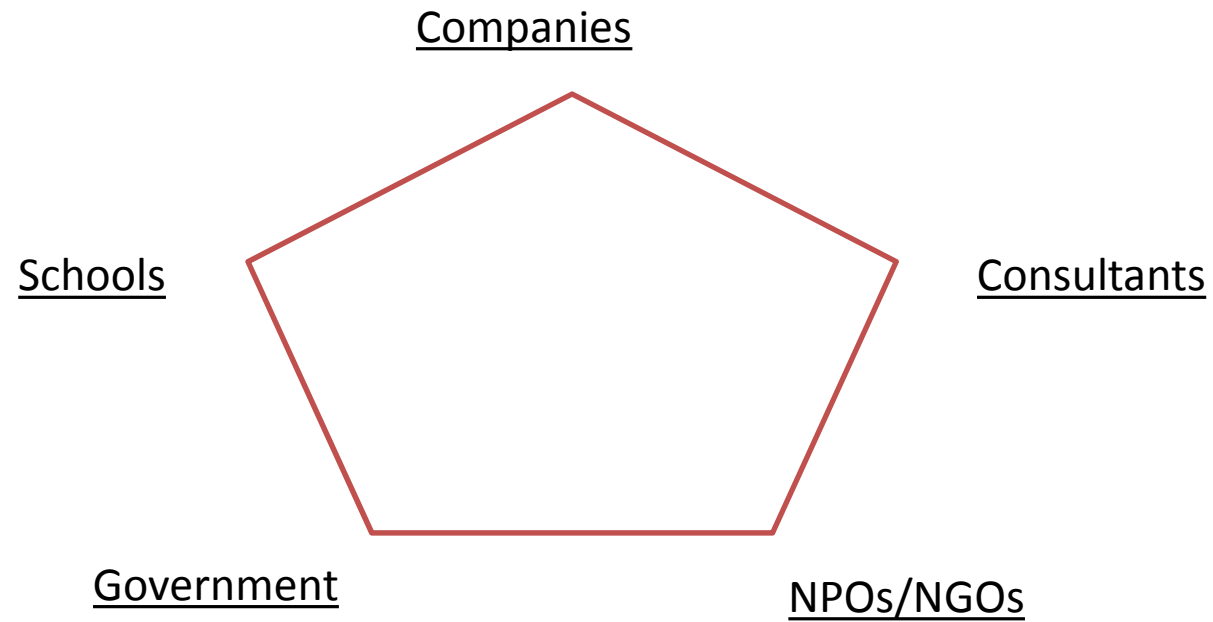
SKK GSB

Prof. Tai-Young Kim
(mnkim@skku.edu)

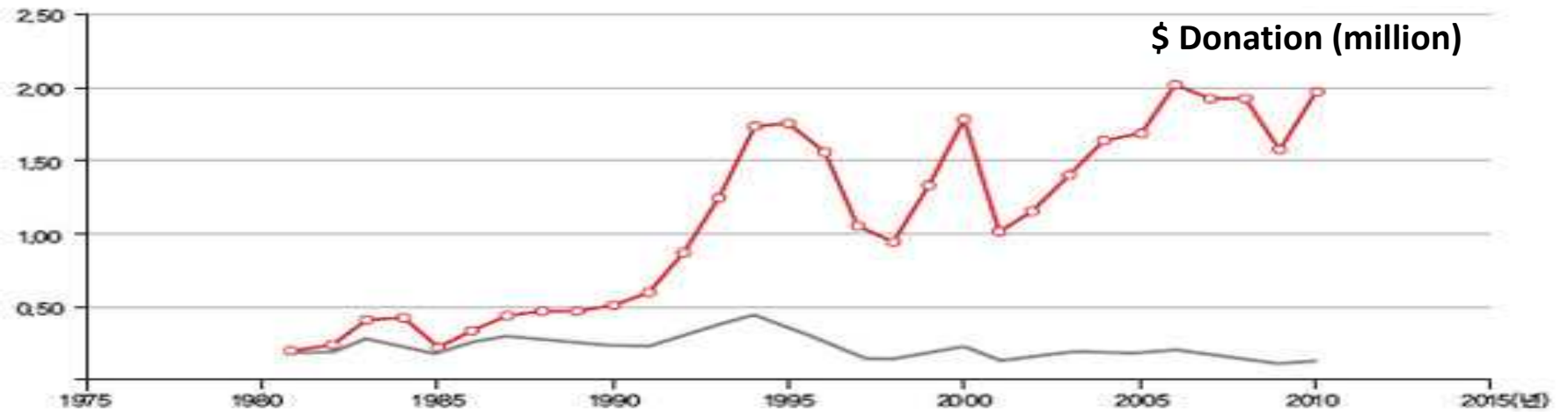
Societal Needs and Economic Value Creation



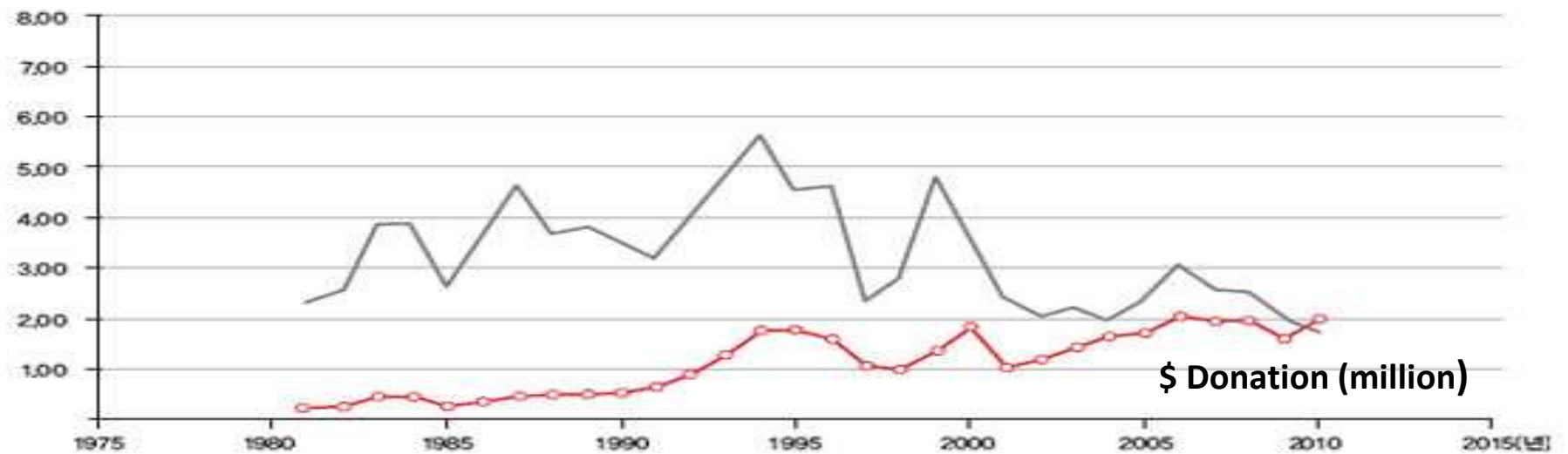
Who Can Solve Societal Problems?



\$ Donation/Sales



\$ Donation/Operating Profit



IBM v Carnegie Corporation

The centenarians square up

Both IBM and the Carnegie Corporation will turn 100 this month. Has the multinational business or universal philanthropy done more for society?

Jun 9th 2011 | NEW YORK | From the print edition



From Compliance to CSV

CSV: Business Model based on societal needs and core competency



Tax/ legal issues



Charity



Reputation



Core-based value

CSR vs. CSV

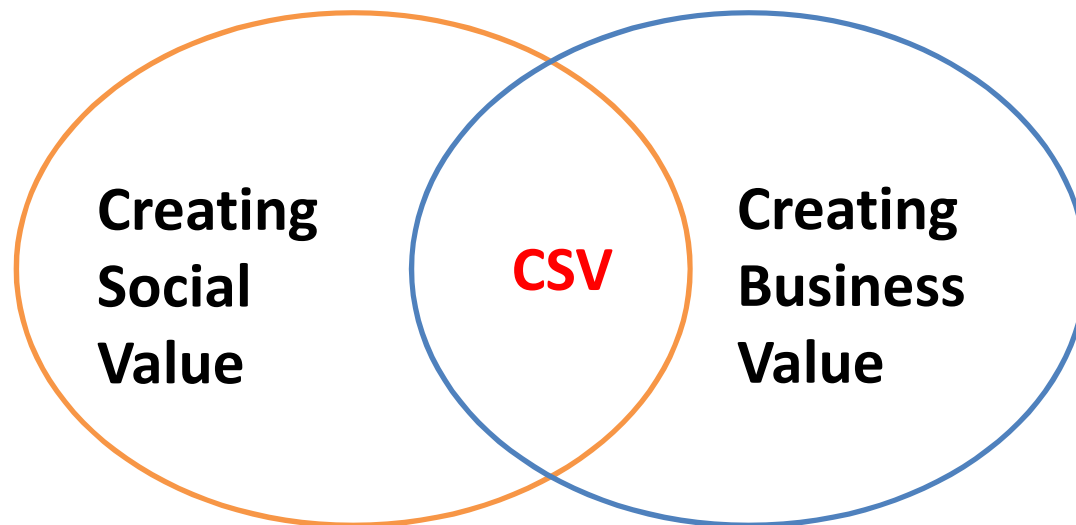
CSR → CSV

- > Value: doing good
- > Citizenship, philanthropy, sustainability
- > Discretionary or in response to external pressure
- > Separate from profit maximization
- > Agenda is determined by external reporting and personal preferences
- > Impact limited by corporate footprint and CSR budget
- Example:** Fair trade purchasing

- > Value: economic and societal benefits relative to cost
- > Joint company and community value creation
- > Integral to competing
- > Integral to profit maximization
- > Agenda is company specific and internally generated
- > Realigns the entire company budget
- Example:** Transforming procurement to increase quality and yield

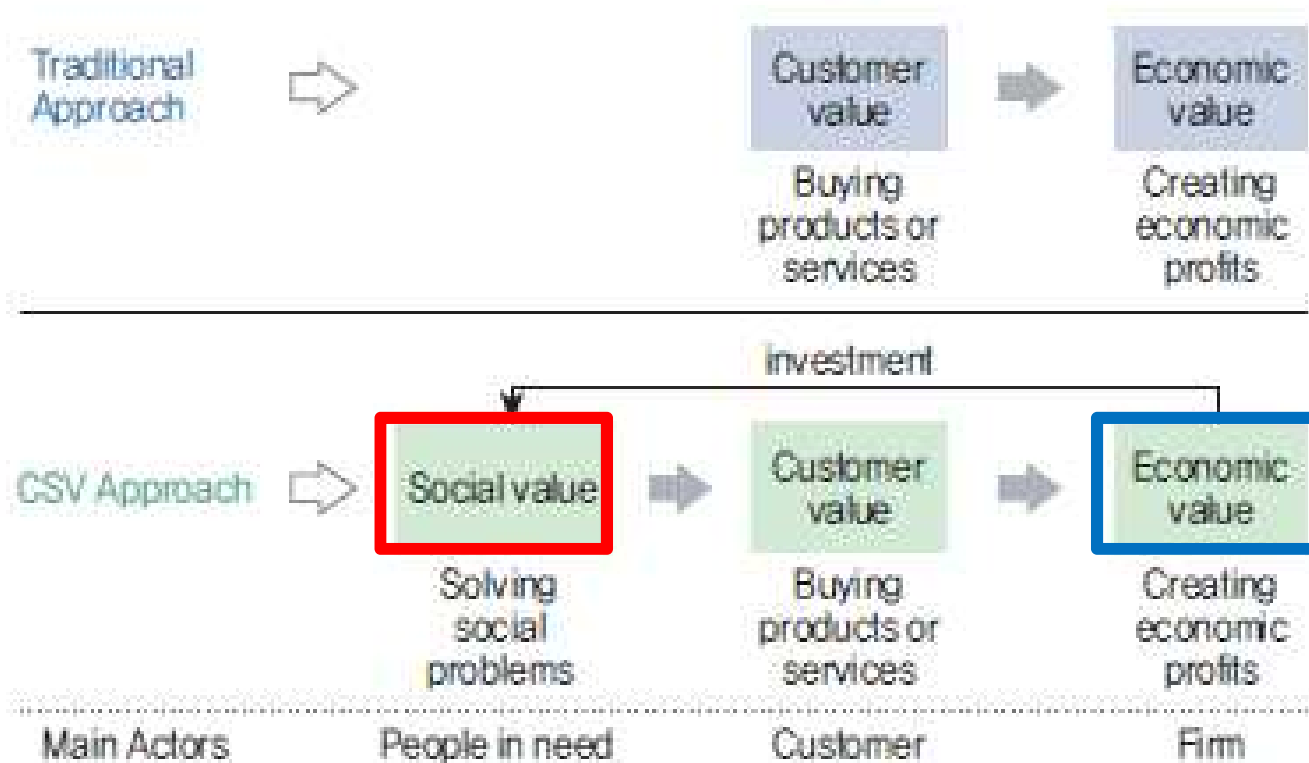
In both cases, compliance with laws and ethical standards and reducing harm from corporate activities are assumed.

**CSV (Creating Shared Value):
Moving Beyond Trade-Offs:**



“Profits involving a social purpose represent a higher form of capitalism”

- Porter and Kramer



Stanford SOCIAL INNOVATION Review

Field Report

Revitalizing a Village

By Tai-Young Kim & Yoo-Jin Lee

Stanford Social Innovation Review
Winter 2016

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Poverty Rates of Rural Villages in Vietnam

Villages in Lam Son commune	Poverty*				Ethnic Composition (No. of households)				
	No. of residents	Population poverty rate (%)	No. of households	Household Poverty rate (%)	Rac lay	Kinh	Nung	Cham	Others
Tam Ngan 2	1149	46.56	245	42.44	42	8	0	0	54
Gon 2	893	43.78	211	43.6	53	4	1	0	34
Gon 1	1283	35.15	280	37.58	55	1	0	0	50
Lap La	1955	34.48	417	35.25	92	9	0	0	46
Tam Ngan 1	1125	29.69	205	30.24	30	11	0	1	20
Tan Binh	1010	11.88	259	14.67	0	38	0	0	0
Lam Quy	1034	7.64	267	10.86	2	27	0	0	0
Lam Phu	1578	7.03	402	8.5	4	30	0	0	0
Lan Binh	1672	4.67	400	7.25	0	29	0	0	0
Lam Hoa	1034	4.64	338	6.5	0	22	0	0	0
Total	12733	22.23	3024	21.92	278	179	1	1	204

* The poverty line used is monthly income of less than 0.4 million Vietnam Dong, which is the Vietnam government's New Rural Development evaluation standard (PPPunadjusted).

Source: Information provided by Lam Son commune. 2013.

ODA, NRD, CSV, and CJ-CSV

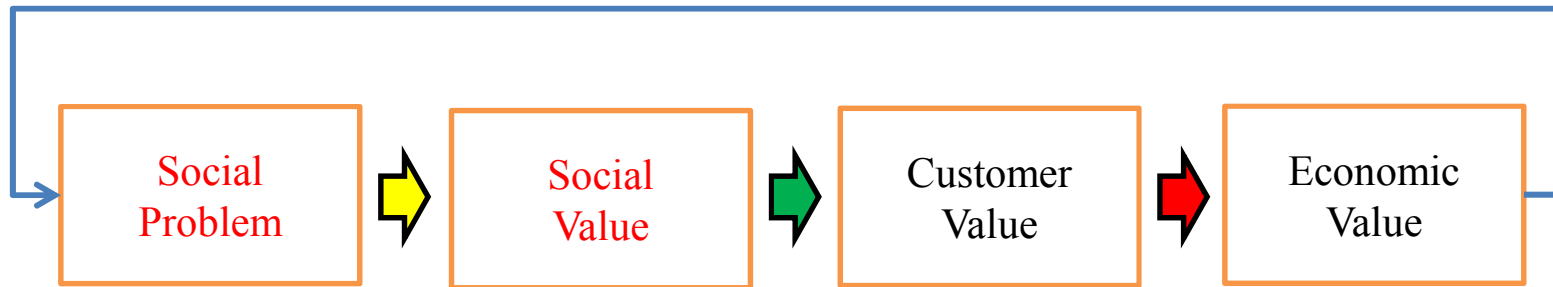
Dimensions	ODA	NRD	CSV	CJ-CSV	Tam Ngan's Problems
Technology transfer	○	△	○	○	No technology
Sustainable business model	X	X	○	○	No distribution channel
Infrastructure for productivity	○	△	△	○	Poor agricultural infrastructure
Community infrastructure	○	△	△	○	Poor community infrastructure
Human development: Self-reliance initiative	X	X	X	○	No training programs
Self-organizing committee	X	X	X	○	No self-organizing committee

Note: X: not relevant, △: moderate, ○: relevant

CJ, KOICA, Vietnam Government: CJ CSV

Participants	Roles	Expected Outcome
CJ	<ul style="list-style-type: none"> • Technology transfer (chili pepper farming and agricultural skills) • Contract farming (chili pepper) • Consultation (chili pepper processing factory construction and other activities) • Payment of minimum 0.3% of chili pepper purchasing price for community development fund (contingent to management authority of chili pepper processing factory) • Obtaining legal approvals and consents from competent authorities in Vietnam 	<ul style="list-style-type: none"> • Acquire stable source of chili pepper • Directly manage quality and price • Improve brand image in Vietnam
KOICA	<ul style="list-style-type: none"> • Project implementation • Information management and public relations 	<ul style="list-style-type: none"> • Develop new sustainable ODA model • Improve national image by exporting the Saemaul Movement.
Vietnam Government (Ministry of Agriculture and Rural Development and Ninh Thuan province)	<ul style="list-style-type: none"> • Project coordination and promotion • Alignment with New Rural Development (NRD) Project • Project result application and promotion • Land use permit and site granting • Project Office space for CJ and KOICA • Administrative staff support • Chili pepper processing factory ownership acquirement & minimum 15 years of management right guarantee to CJ • Reinvestment of chili pepper profit (community development fund) to improve quality of life • Obtaining legal approvals and consents from Vietnam authorities 	<ul style="list-style-type: none"> • Increase farm income • Accomplish New Rural Development (NRD) goals

Re-Investment



Summary

1. CSV is business strategy.
2. Shared value in CSV is “newly enlarged social value” created by solving a social problem.
3. A company’ shared value strategy that does not fit with its business strategy can be risky. Strategic choice of social problems is necessary.
4. A firm needs to consider what not to do in implementing CSV strategy in order to stay within their professional field.
5. CSR is the groundwork for CSV. ‘Sustainability’ and ‘Scalability’ are the central features that separate CSV from CSR.