

Confucian Value on the Corporate Community & HRM in Korea

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1. Introduction

The Confucian culture of far east Asian countries has rooted in Korea as well as China and Japan. The sociocultural infrastructure of creating the characteristics of Korean corporate community and human resource management (HRM) in Korean companies is the result of Korean Confucian family value. Traditional Korean society, since the introduction of Confucian teaching from China at a very early date, has always been family-centered and family-dominated.

Korean society has considered family as the basis of social structure. Under the family system, Korean people created strong patriarchal authority while instilling obligations and duty for posterity. All family members had certain rank and hierarchical relationship within the family. In relationships such as husband and wife, and father and children, subordination and control, instead of reciprocity seen in many western countries, were essential bases for relationships.

The objective of this study is to analyze the impetus of Confucian family value in terms of sociocultural orientation behind HRM and corporate community in Korean companies. Therefore, our goals in this study are threefold. First, we will summarize the core value system in Confucian familism which

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has affected Korean corporate community and specific HRM practices. Second, we will analyze the characteristics of corporate community and HRM based on the Confucian family value. Thirdly, we will provide an argument of our Confucian corporate community and HRM for the new trend and transformation of Korean HRM, so that we can finally examine how HRM should change under the shift and competitive corporate environment.

This study contains both theoretical and empirical background. For the empirical study, a questionnaire, objective documents, and structured interviews were used as main research methods.

2. Confucian Family Value

2.1 Confucian Background

Throughout the last 600 years, Confucianism was the official ideology of the Chosun Dynasty, which ruled Korea from 1392 to 1910. Confucianism provided a useful ideology for building and maintaining a society. It spread out its roots within the society and soon became very powerful. Within the next centuries it worked its way deep into the Koreans' minds, their ideas and customs.

The knowledge of the classic teachings of Confucianism was the only prerequisite for social promotion. Therefore, living with the Confucian principles was an unconditional necessity for every family. For Confucianism the elements of a "good" society are: charity, property, wisdom and deep respect. Those standard elements were not universally valid, but they were applied to a particular frame of a fixed social relationship.

The base of practical moralities of Confucianism are so called three Kang five Ryun(三綱五倫), namely the three fundamental principles and the five moral principles in human relations. The three fundamental principles are the rules of conduct that must be followed between father and son, sovereign and subject, and husband and wife. The five moral principles — affection between father and son, loyalty between sovereign and subject, distinction between husband and wife, order between the young and the old, and loyalty between friends — must be maintained.

All of them demonstrate the order of human relation, a hierarchical order, in a society based on family. The relations between father and son, sovereign and subject, husband and wife, and young and old are vertical and those four moral principles are the elements that form a hierarchical society. In a parent-son relation, the son must obey the father with absoluteness. Even after marriage, he must serve the father with his wife and must always put his father before his wife. The basic virtue of Confucian family ideology is the Hyo(孝) concept, meaning "filial piety" showing admiration and obedience to one's parents. Hence, Confucian philosophy emphasizes primarily on following the social relations within a hierarchically organized society based on family ideology.

2.2 Patriarchal Family Ideology

The family being the most important and basic entity of the collective in the traditional Korean society, it has to be analyzed more deeply in order to understand the characteristics of this society.

In the traditional Korean family system, the family itself is given the greatest value and significance, not the individual. For a girl to marry was to go to her husband's house. She does not join herself to another individual, but first and foremost to another household of which her husband is a member. Marriages are arranged by the two families concerned, without consulting the bride and groom, since the family alliance, rather than personal relationship, is the most significant aspect of the union. Frequently the boy and girl have not even seen each other before the wedding. Therefore, marriage is an event between family to family. The bride and groom are married to each other's families, not to each other.

Sometime in history the notion of "Gamun(家門)" meaning "house" appeared as an inseparable side effect to the family. In fact, the Gamun became such an important institution that it eventually became more important than the family. Therefore, the well-being and the aims of the family as biological and social entity are considered as secondary to the Gamun, the collective. The predominant characteristic of the Korean family system is its significance, which is attributed to the Gamun, as in contrary

to an unspecified group of blood relatives, which can be considered as loose family. More specifically, the Gamun consists of a patriarch and members who are subject to his authority. Members can be blood relatives as well as male and female persons who enter the house with the leader's consent. Consequently, the family became a collective organization, which has a much wider significance and composition than only a biological link.

The underlying frame for group-activities and organization is the "Gamun", and if non-relatives have to work together, they are organized in artificial groups, feigning blood relationship. This very important aspect of the traditional society has far-reaching consequences for today's corporate system. An extremely important aspect of the Korean family system is that "Gamun" served as a model for setting-up all kinds of subordinate groups. The basic structure and terminology for nearly every group, including the biggest and the most branched, the nationstate. The whole nation is considered as being a huge family with the kind as everybody's father. Obedience, self-sacrifice, and harmony within the collective are strongly emphasized.

2.3 Need for Security and Family Ties

The strong family tradition has economic aspects, too. In economically difficult times, such as at a time of underemployment, the family system absorbs parts of the unemployed. The economic expansion and contraction of the labor market were balanced through the elasticity of the social structure in releasing workforce and absorbing unemployed, its basic element being the extended family.

It is remarkable that the obligation for mutual help, especially for the elder parents, existed within the extended family and still continues to exist. There are few convalescent homes in Korea since elder parents are primarily to be cared for within the family. Even between relatives, there is an obligation for mutual material help. The more sons meant higher security for the aged parents and increased certainty for the continued existence of the extended family.

2.4 Patriarchal Management

As mentioned earlier, the family system was the basis of the traditional social values of Korean and Japanese. In the same way, the traditional family values and concepts serve as an ideological basis to determine the relationship between employer and employee. Management began to praise the advantages of the traditional family ideology and emphasized on solving the employer-employee problems with the family concept of goodwill and mutuality instead of depending on worker legislation and labor movement. It stressed on building the relationship between employers and employees in the factories after the model of the relationship between parents and children in the traditional family system. It asserted that Korean and Japanese employers, unlike their Western counterparts, always had a benevolent attitude towards their subordinates.

The traditional family ideology served as a model for the organization of the company so that the workers identified themselves with society and remained loyal. Society was seen as a big family in which management played the role of the benevolent "father" whereas the employees accepted their obsequious role as "children". Moreover, management justified new human resource methods based on the family ideology. The lasting relation with the company, difference of status based on the length of employment at the company, and the interest of the company in personal affairs of the employees were based on the concept of the unique Korean family tradition and is praised as particular advantages of the Korean corporate system. As management founded its human resource concepts on the family ideology based on Confucian family value, it tried to influence its employees as strongly as possible.

With such cultural background, a characteristic of the Korean corporate and HRM practices was observed as the family corporate community. The lifetime employment system, the seniority system in promotion and compensation, and patriarchal leadership were very different from the western management ideology and rules.

3. Corporate as a Family Community

The family-centered ideology of Confucianism has made Korean corporate a family community. So called corporate familism made many Korean companies to be managed like family community. Survey of Korean companies showed that successful Korean companies have established and maintained the family- based ideologies and rules, and have managed their employees as their family member.

The research was based on the analysis of 10 of the 21 excellent companies that were either recommended by the press as firms with cooperative labor and management relations or had won prizes from the Korea Productivity Center, the Korea Employers' Federation, or the Chamber of Commerce and Industry. Through an in-depth case study, the following common characteristics were drawn from the 10 sample companies. Major point of our finding is that companies with the family community ideology have maintained a living community at the same time. Thus our description of the common characteristics are categorized into the two aspects — corporate as family community and as living community.

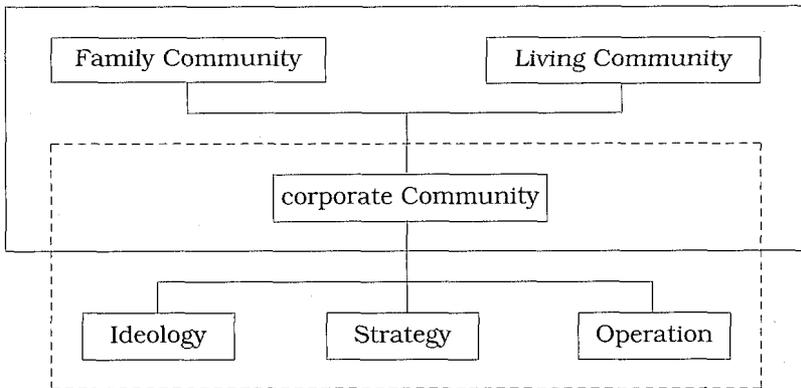


Figure 1. A corporate Community

3.1 Corporate as Family Community

Ideology and Strategy of Family Community

One of the distinct characteristics of the successful Korean corporate community was the role of a father figure that was assumed by managers in a family community. Employees respected managers much as they would their own fathers. Reciprocally, managers considered their employees like family members, trying to take care of employees as much as possible. In addition to that, a manager would try to be a model for employees by leading an exemplary life.

Family community ideology did not indicate the relationship with employees just as an employment contract but considered the relationship with employees as a family community that could not be artificially cut off. The companies which had good labor and management relations believed that their relationship with employees were tied by fate. Therefore, the companies did their best to make themselves like a family. To materialize this the companies provided many activities. The employees also expected a family community at work and they liked it when the top manager provided such an atmosphere. Consequently, employees usually did not change their jobs even if the company fell on hard times. They stayed on with the company and would work even harder with the managers so that it could recover, and get back on its feet.

To maintain the feeling of the family community, each company had its own corporate culture strategy. Here are several examples of common strategies that companies adopted. First, the company provided a sense of solidarity among employees at work so that they felt like members of family. Second, the company made company precepts to build trust and understanding between employees and the company. Third, the company attended to individual celebrations. Fourth, the company had social relationships with employees besides just the working relationships. These company policies helped create an atmosphere that brought labor and management into a family community.

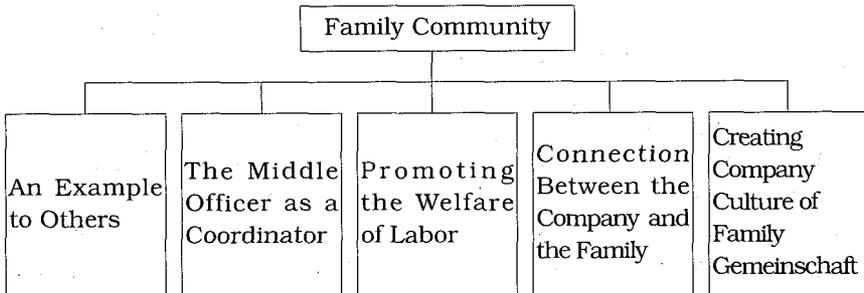


Figure 2. Company as a Family Community

Operation of Family Community

To create and keep a family community, there were several means of operations. The following outline the distinctive means which this study has found.

An example to others by the managers

The companies, as a family community, illustrated very distinctive points. The manager of a company, as the head of the family community, became a role model for employees. The manager would be careful not to abuse his power as a manager and not to over-spend company resources. First and foremost, the manager rejected the privileges of a manager, and this attitude led people into one boundary. For example, the manager waited in line at the employees' restaurant, wore the same work uniform as subordinates, and did not have a large executive room.

Middle managers and supervisors as coordinators

The role of middle managers and supervisors was very important to strengthen a family community. In a big company, the top manager became a leader of spirit like a father in the family. As a result, the middle manager or the supervisor took care of practical problems at work and assumed the role of coordinator as an eldest son did in a family. In addition, they were also role models to others and would advise and care about others in their "family".

Promotion of the welfare of employees

The managers of companies with cooperative labor and

management relations would announce that they regarded employees as their family members. To show their feelings, they would remember birthdays of employees, organize meetings with current and retired employees, provide quality free meals, dormitories and medical benefits, and update their employees with news from retired employees. Generally, managers avoided as much as possible to lay off employees.

Connection between the company and family

One of the special characteristics of companies with cooperative industrial relations was that companies extended the family community to members of the employee's family. When spouse, for example, understood their partner's company and job, the employee worked better and was more strongly tied to the family community at work. The companies tried to connect the company and families of employees, through visiting, inviting or travelling with family member. Companies also would provide scholarships, and organize employees' wives club.

Creation of a corporate culture of family community

The companies, like a family community, tried to create a homogeneous company culture. When different people gathered at the company to create a family community, people needed a procedure for socializing. To do this, the companies tried to create a company culture that would encourage employees to be comfortable with each other and develop friendships.

3.2 Corporate As Living Community

Ideology and Strategy of Living Community

According to the family community as a corporate ideology, employer and employees considered their corporate as living community. A special attribute of the Korean-type corporate community was that the labor and management relationship was much like the living community. The companies that established successful corporate community not only provided places of employment, but were also served as a living place of family. To make the company more like a home, Korean firms paid a lot of attention to support its employees.

A company with cooperative industrial relations considered itself a part of the “living place”. The corporate ideology not only saw the company as a tool of making a profit but also supported and sought input from employees in the company. Such effort from the top manager appeared distinctly in this research.

One of the most important factors that enabled the employees to trust and obediently follow company strategy was the belief that “my company not only values my work but also my life”. When employees had hard time in their life (hospitalization, funeral, financial problem, and etc.), the company or top manager took care of them.

In Korea, companies rather than the government provide the sense of protection and security for its employees. As a result of such paternalistic behavior of companies, employees feel great gratitude for their company(Choi, 1996). Hence, the company pays much attention to its employees’ private life since such policy is a very important tool for management to earn employees’ trust and loyalty.

Operation of Living Community

The companies that had good labor and management relations had a concrete living community to achieve their ideology and strategy. The top manager did not see the company as a place to buy the manpower. He or she supported employees and their quality of life. There were several means of operations to achieve a certain quality of life in the company which were examined in this research.

Attending celebrations and condolences

The companies with cooperative industrial relations financially

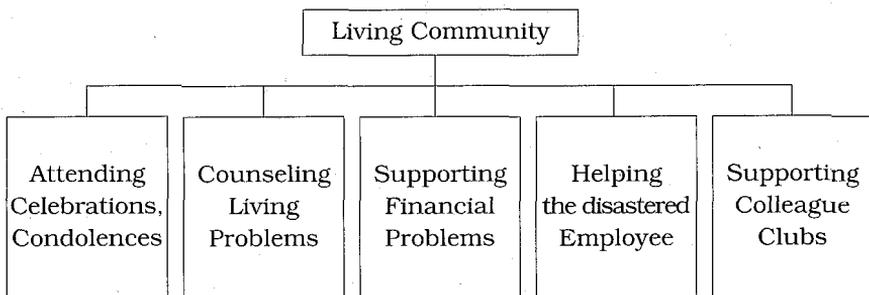


Figure 3. Company as a living community

supported congratulatory and condolence events of employees' through a colleague club. It is a part of Korean culture. However this support from companies released personal responsibility for the events both financially and psychologically. The companies institutionalized financial support for big events such as weddings, 60th birthday celebrations, and funerals.

Life counsel and support

It is very important for Korean companies to counsel and offer support for their employees during difficult times in their private lives. It would not be unusual for a company to try to improve one's well being during troublesome periods in one's life. There were several activities that were designed by companies to help employees. Such activities included help on time management of one's life, making a schedule for their leisure time, counseling on human relationships at work, providing for employee's old age, taking care of legal problems, and hospitalization.

Financial support

The companies that had good labor and management relations cared a lot about their employees' financial status and supported their economic activities. For example, when an employee wanted to buy a house, the company helped him or her get a loan and gave bonuses. Companies also provided priority dividends for employee stockholders in their companies. Beside this financial support, the companies provided free meals, stores, dormitory, buses and uniforms.

Helping the employee suffering from misfortune

The companies that acted as a living community helped employees who suffered from misfortune such as flood, fire, and hospitalization. If an employee was going through a hard time, the company provided financial and psychological support.

Supporting a colleague club

Companies also financially supported employee club activities in order to build upon relations between management and labor. There were various clubs at the companies, such as an association for those interested in chorus, skiing, fishing, photography, bowling, soccer, tennis, or art. The employees

developed their personalities in a living community through quality leisure time.

4. The Practices of Human Resource Management

Three characteristics of HRM practices have been found as the basis of Korean corporate as a family community. These are the two structural attributes of HRM practices (rigid layoff and long-term employment' and seniority based wage and promotion') and the functional practices — vertical interaction based on harmony ideology with patriarchal leadership.

4.1 Rigid Layoff and Long-term Employment

Rigid layoff

Even with rising unemployment, corporate downturn, and low underestimated unemployment rate, the current status of Korean companies could be said to be over-employment in comparison to the developed countries, with the nation's 3% unemployment rate. This situation is attributed to rigid layoff procedures. In fact, it was impossible to layoff legally in Korea. Recently, companies' redundancy was permitted by the labor case law but this is only minimal and very different concept compared to contemporary layoff practices in other countries.

So far, Korean companies' layoff practice have been conservative since they cannot do so without the right cause. But recently, the layoff causes of labor case law or revised labor law provide for more active layoff practice under authorized economic and technical causes (continuing corporate deterioration, restructuring and technical innovation or change of a category of corporate for productivity improvement).

| Structural Practices | Functional Practices |
|---|--|
| <ul style="list-style-type: none"> • Rigid layoff and long-term employment • Seniority based wage and promotion | <ul style="list-style-type: none"> • Vertical interaction based on harmony ideology |

Figure 4. Practices of HRM in Korea

| | | |
|---------------|----------------------------------|-------------------------------|
| Exit \ Layoff | Difficult | Easy |
| | II: Korea, Germany III: Japan | I: U.S.A IV: Russia, China |

Figure 5. Comparison of Employment Practices

In comparing Korean employment practices with those of other countries, exit (turnover) of employee and layoff need to be examined as key factors of employment practices in regard to labor supply and demand. Korean employment practice can be analyzed as type II with easy exit and difficult layoff as seen in Figure 2. That is, Korean firm has employment practice with easy exit and difficult layoffs. Employment practices of Korea and Japan are long term employment with difficulty in making layoffs. But Japan's exit practice is different from Korea's in the sense that Japan's social inhospitality toward the turnover prevents employees from leaving a firm. The Korean long-term employment with easy exit practice has slowed the changes and innovations of many Korean firms to the changing global corporate environment. As a consequence, they are trying to innovate human resource management to cope with this problem.

Long-term employment

The rigid layoff system from an institution perspective and corporate identity consciousness from a psychological perspective has contributed to a long-term employment practice. The mechanism of long-term employment has been strengthened in that employees have "assignment feelings" to their organization more than their job. Hence, a loyalty is cultured both in the company and out.

Generally, the Korean employees have a tendency to identify with the organization instead of the job. That is, corporate identity from the organization means more than the job identity from pride of occupation. Organization identity consciousness results from characteristics of Korean labor market. And the traditional labor market arising from a Confucian and family based culture prevent employees from formulating rational job identity consciousness.

4.2 Seniority Based Wage and Promotion System

Seniority based wage and promotion system is also one of the characteristics of Korean employment practices that have contributed to a long-term employment and a rigid labor market. The underdeveloped competitive internal labor market has become an obstacle to the creation of a flexible external labor market (Choi, 1996).

At present, the characteristics of administrative situation related to wage and promotion are as follows; First, the structure of wages is very seniority-oriented, therefore, other determinants are neglected. Second, in most companies, promotions are also seniority-oriented. Third, most blue collars work at fixed jobs that were allotted at the beginning of their employment. In other words, there is no job rotation and skill development but seniority-based human resource management system. This research has found out the following problems based on characteristics of HRM practices.

Aging of workforce

Many companies with seniority-based promotion system have experienced a decline in growth since the 1980s, which led to a result of the serious aging of the workforce. The aging of the workforce has a serious impact on general aspects of human resource management such as management of wages, promotion, jobs, and capability development, and on the efficiency of management in areas such as the function of individual workers and labor productivity.

Promotion stagnation

Although employees' desire for promotion is increasing continuously, opportunities for promotion are decreasing due to the stagnation of promotion based on seniority system. As a result, a widespread decline of employees' morale is being witnessed in many organizations, which exerts a negative influence on productivity.

Increase of labor costs

Korean companies are experiencing difficulty in corporate

management because of increasing personnel expenses that can be attributed to the rapid wage increase since 1987, and to the seniority-based wage system. Moreover, wage rates that increase faster than the productivity are threatening the international competitiveness of Korean companies.

Increase of surplus workforce and in-house unemployment

Many companies based on seniority system are experiencing a surplus in the workforce, with more workers than are needed. As a result of corporate reengineering, automation, computerization, and the improvement of tasks and organizations over the recent years, many workers in organizations became idle within the company workforce. The idle workforce should be regarded as being virtually unemployed, even if they do not leave their companies. This in-house unemployment is spreading in many companies.

4.3 Vertical Interaction Based on Harmony Ideology

In order to keep a collective subordinate relationship in traditional Korean society, a concept of harmony was very important. In Confucianism, harmony was also considered an important ideology to control the members of the group. To keep a subordinate relationship within the group, the leader emphasized harmony and tried his best to keep it in the group. Hence, the most valuable talent for the leader in Korean society was to keep harmony among members of the group, which is very different from western society that considered characteristics and accomplishments of the leader.

The east and the west have different values in their social and cultural orientations. The oriental human relationship is a reciprocal action of family-oriented authority and warm vertical relations based on a balance of the positive and the negative forces that originate from Confucian social principles. Therefore, the concept of "oriental harmony" always lies in its base.

In contrast to the east, the western human relations system is based on horizontally reciprocal action derived from Christian individualism and dialectic rationalism. As it is, the behavior of the west is based on syntheses, the result of antitheses and theses. Therefore, it has abundant conflicts, and conflict is given

| Western Horizontal Relation | Oriental Vertical Relation |
|-----------------------------|----------------------------|
| Individualism | Collectivism |
| Scientific | Intuitive |
| Analytic | Comprehensive |
| Harmony | Conflict |

Figure 6. Paradigms of Value System

positive values by regulation and structure. Conflict is good and so, negotiation and compromise, the product of conflict, are positively regarded.

In Korean society, classified collectivism was commonly exercised, though it is important to note that it was different from Marxist collectivism. Its base on family priorities was from traditional Confucianism.

The oriental human relationship (Korea, China, Japan) sets a conflict-free condition as its premise. The regulation and the structure of the organization not only do not encourage conflict, but endow it with a negative meaning. Counter-offer, negotiation and compromise, the products of conflict, are considered a betrayal to values such as harmony, unity, principles, and purity. Therefore, in contrast to the western social and cultural orientation which are analytical, scientific and rational, the oriental cultural and social orientation are comprehensive, conventional, and traditional.

More specifically, there is a big difference between the horizontally reciprocal style based on conflict of the west and the vertically reciprocal style based on harmony of the orient. Then what is the vertical reciprocal style of the west which sets conflict as its premise and which is based on individualism? To understand the formation of such a society, we have to understand what "conflict" is.

Conflict, in general, has a destructive and a constructive aspect. It has an aspect that destructs the existing order and at the same time, a constructive aspect of solving problems in a new dimension.

The western society, which is based upon individualism and conflict, has the ability to understand conflict and to pull it up to a creative dimension. Therefore, in the western society, conflict is good, and negotiation and compromise for the conflict,

is considered desirable. They believe that they might reach a new dimension through conflict and may hope for conflict because conflict can become the force behind development. If conflict doesn't surface and becomes latent, the society will not escape stagnation, and when conflict accumulates, it will change into a riot that threatens the social peace.

Contrary to this, the oriental society, which is based on harmony, a Confucianism value, has a completely opposite concept. Conflict is an act of betrayal, and negotiation and compromise, the result of conflict, are not desirable. Conflict disturbs the society and is like cancer to the development of society. "Be quiet. If you are loud, you cannot achieve big things. Little things must be endured to achieve big things, which means, "small things must be sacrificed for big things." In this respect, some describe the western society as being a society of 'movement', while others describe the oriental society as a society of 'calmness'.

Then, what is the vertically reciprocal action based on harmony and collectivism of the orient? The representative model of the oriental society, which is based on harmony, can be found in a vertical relationship. The juniors are expected to respect their seniors with the concept of filial duty and devotion. In response, the seniors must care and look after the juniors with benevolence and sacrifice. Therefore, the oriental society does not act according to specific or individual "theses-antitheses" — like analytic concepts such as the western individualism but acts according to the overall concept of filial duty and devotion.

If the juniors diligently serve the seniors with a sense of filial duty and devotion, the elders will diligently look after them according to the concept of benevolence and sacrifice. The orientals call such an action of not being analytical and acting in holistic harmony to be acting according to the concept of "harmony."

As such, "reading one's face" is important in an oriental human relationship. Since we become sensitive to reading one's face, the concept of 'face' becomes very important. We often use expressions such as 'let's do it considering his face', 'please do it for me considering my face', and 'please save my face'. It is a society of organic relations in which knowing a face will make

life easier, and vice versa. As stated above, contrary to the decision-making structure of the west, which is specific, analytic and scientific, the oriental decision-making structure is comprehensive, abstract, and intuitive.

Until now, the orient and the west have stated different values in the decision-making styles in corporate management. Contrary to the western style, which is direct, the oriental style conducts a circular thinking. In the west, to become a manager, one needs a clear knowledge, a remarkable personality and a strong sense of goal. Contrarily, the orient calls for a well-rounded personality before professional knowledge, a smooth human relation before a strong sense of goal. Even if one lacks professional knowledge or a clear sense of goal or personality, he or she will be the most qualified as a manager if he has maintained a conflict-free human relations and can promote harmony to the organization.

5. New Trend

Corporate environment of Korean companies (both inside and outside) has changed rapidly in the 1990s. New trends of corporate conditions are posing a serious threat to various aspects of corporate management. The field of human resource management is not immune from the threat, and many enterprises have recognized that they are no longer exempt from such problems as they face the aging of the workforce, high wages, stagnated promotion, low labor productivity, low working morale, low level of loyalty to organizations, and an increase in the number of redundant workers. As a consequence, they are trying to innovate human resource management to cope with the above mentioned problems. Companies are shifting from existing human resource management systems based on seniority to those based on performance and capability. Amongst the measures being taken are; bottom-up evaluation systems, separate operation of ranks and positions, promotion by selection, unified pay steps, job ability and performance wages, and the internship system. In response to these challenges, many Korean companies felt the need to create a new management paradigm to guide itself into the future.

Under the old system, promotion was based primarily on seniority. Each position had a minimum tenure requirement, and after meeting this requirement, employees were promoted to the next level. The seniority-based promotion allowed Korean companies to keep a strong Korean tradition that forbids a younger person to supervise an older person. This tradition which is still honored in Korean corporate, allowed managers to keep group harmon. Many Korean companies, however, have realized this policy lacks accountability and fosters mediocre performance. The new HRM policy thus linked promotion and wage more tightly to performance and capability.

Increased competition in domestic and international markets has forced Korean companies to review its management paradigm and the resulting HRM system more critically. Many Korean companies determined that, they need to utilize their people more effectively to succeed in the global market.(Kim, 1997). To shed-off old traditions, they have launched the new HRM policy that incorporates greater individual incentives into the compensation system and have adopted a more effective performance appraisal system to support promotion and compensation decisions.

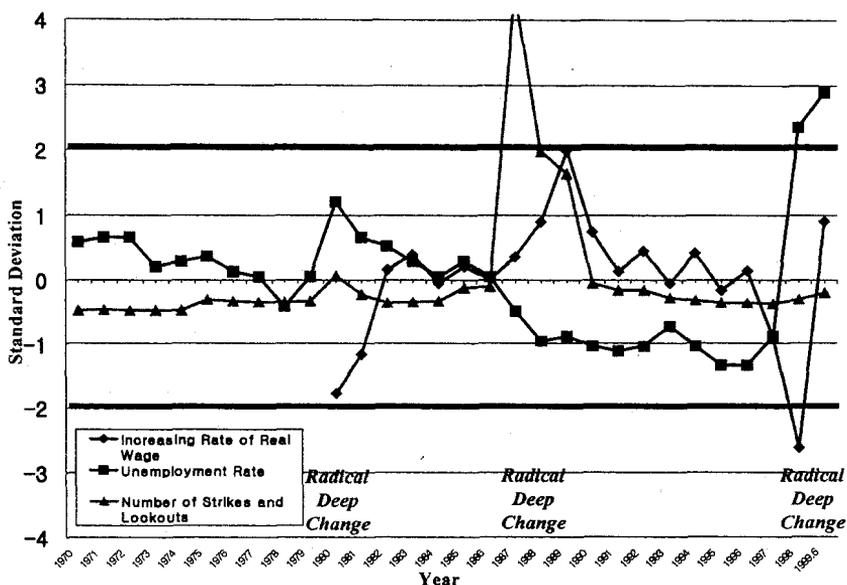


Figure 7. The Table of Total Analysis

The economic crisis of present situation is causing a severe crisis in the labor market. Corporate restructuring with the shrinking and reshuffling of the real market economy rapidly diminishes the need of labor. A rapid growth of unemployment rate caused by the supply surplus in turn reveals a severe socio-economic problems. Therefore, efforts are being made to increase the flexibility of labor market in order to overcome the labor market crisis. Strategies of increasing the labor market flexibility are twofold: A quantitative flexibility with much focus on the flexibility of employment and job schedule, and a functional flexibility with an emphasis on the flexibility of compensation(wage and salary).

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