

LG Electronics Improves HR Management by Consolidating on a Single Global HRMS



LG Electronics
Seoul, Korea
www.lge.com

Industry:

High-Technology

Annual Revenue:

US\$47.6 billion

Employees:

82,000

Oracle Products & Services:

Oracle Financials
Oracle Manufacturing
Oracle Supply Chain Management
Oracle Human Resources
Oracle Advanced Benefits
Oracle Learning Management
Oracle Payroll
Oracle Self-Service HR
Oracle Customer Relationship Management
Oracle Real Application Clusters

“The key to business success lies in the effective management of human resources. We now use a single HR system developed on Oracle to manage 82,000 employees in 39 countries. The result has been a significant improvement in efficiency, a better understanding of our HR processes, and dramatic cost savings.”
– Mi Jung Kang, Chief Human Resource Officer, HR Management Team, LG Electronics

With 82,000 employees in 114 subsidiaries across 39 countries, LG Electronics Inc. is one of the largest consumer electronics companies in the world. Its diverse product range encompasses air conditioners, digital media, laptops, mobile phones, PC monitors, refrigerators, televisions, and more.

LG Electronics is a long-time user of Oracle technology. The company has implemented Oracle E-Business Suite in its corporate headquarters and is now embarking on an ambitious four-step project to migrate its worldwide offices to the Oracle platform by 2008. The ultimate aim is to have all subsidiaries, production facilities, and the Seoul head office using the same Oracle system by 2010.

In 2002, LG Electronics began developing a human resources management system (HRMS) using a range of Oracle Human Resources modules to replace disparate HR applications used by its subsidiaries.

The single, integrated Oracle system delivered HR information from around the world in real time, enabling LG Electronics to gain better insight into its workforce and facilitating informed decision-making around recruitment and performance management. The company also improved efficiency by standardizing processes and lowered costs by introducing self-service HR functions and online learning for employees.

Moving to a Single Global Instance

LG Electronics has 114 subsidiaries employing 82,000 people across six continents. Up until early 2006, each subsidiary maintained its own HR system and processes.

Key Benefits:

- Established enterprise-wide view of operations across 114 subsidiaries in 39 countries by moving to a centralized HR management platform
- Improved efficiency by standardizing HR processes
- Enhanced HR management by giving senior managers real-time access to information
- Boosted employee satisfaction and eased workload on HR staff by introducing self-service options
- Boosted staff learning by providing online training

This made it extremely difficult, time-consuming, and costly to consolidate HR information for global reporting. Inefficient management procedures were also affecting the ability of HR staff to complete their jobs effectively. As costs mounted, LG Electronics decided it was time to move to a single unified system that would streamline HR management and enhance the company's ability to attract and retain high quality staff.

The development of the integrated HR management system began in 2002. In 2005, LG Electronics began moving its subsidiaries to the system, the first stage in its migration to a global business management platform. While general HR programs are managed globally, each subsidiary has the flexibility to oversee matters specific to its operation.

Human resources functions are grouped into six categories: position, title, recruitment, promotion, performance, and compensation. The system also allows other categories to be set up to cater for specific requirements. In addition to establishing a single repository for information, the Oracle-based system is used to distribute and execute HR policies globally.

Enhanced HR Management

In April 2006, LG Electronics went live on the new global Oracle HR management system. One of the key features of the system is that it is engineered to link HR strategies with business goals so the company can monitor workforce performance against specific objectives or campaigns.

Senior managers at the company's Seoul headquarters can now view all HR related information from around the world in real time. This gives them better insight into workforce numbers and the details, qualifications, and performance of individual employees, assisting in informed decision-making.

For example, if a position becomes available, HR staff can search the employee database to locate the person most qualified for the job and promote from within, rather than incur the time and costs of external recruitment.

As part of the upgrade, LG Electronics also standardized and streamlined HR management processes across its subsidiaries. Each office can share best practice advice, leading to significant improvements in productivity and efficiency. The company has also reduced HR costs globally.

Improved Employee Satisfaction

The new HR management system includes self-service options for staff to update their details, view pay slips, and apply for leave. It also allows them to track their performance against set goals, and to ask for feedback and support if they are not meeting certain requirements.

Staff can boost their knowledge by undertaking online training, ensuring they can learn at their own pace and at a time that suits them. Paying attention to employee needs in such ways enables LG Electronics to retain quality staff and enhance its reputation as an employer that is committed to its workforce.

Why Oracle?

LG Electronics has used Oracle for many years in its Seoul head office. Impressed by the technology's rich functionality, reliability, and security, the company gradually rolled out Oracle E-Business Suite to a number of international subsidiaries. The improvements gained at those offices convinced LG Electronics that Oracle was the ideal platform to manage its global business.

"The Oracle team presented us with a system that enabled us to link HR strategies to business objectives," said Mi Jung Kang, chief human resource officer, HR management team, LG Electronics. "This was very important because we wanted to ensure our people were working towards goals that benefited our company.

"Oracle also showed us how we should change our current HR practices to improve efficiency. Such a move would help us reduce costs and increase our return on investment."

Implementation Process

LG Electronics worked with Oracle Consulting to scope, design, and implement the HR management system. This involved aligning business and HR goals, describing roles and responsibilities, standardizing processes, and developing reports.

The implementation was divided into five phases, beginning in 2002 with the core system, followed by the progressive development and rollout of the data mart, performance management system, staff portal, and e-learning application. The migration of all subsidiaries to the Oracle platform was completed in April 2006.

Oracle Real Application Clusters 10g (RAC) was deployed to build a secure, reliable, high-performance technical foundation for the company's global operations. LG Electronics is currently using a three-server cluster configuration; two nodes are used to run databases and applications, and the third is on back-up duty. Once the global ERP system is up and running, a fourth server will be added to the cluster to ensure smooth and stable operations for offices and production plants around the world.

Founded in 1958, LG Electronics Inc. is one of the largest consumer electronics companies in the world. It has sales and manufacturing operations in 39 countries, and generated annual revenue of \$47.6 billion.