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Korean Management Style

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Introduction

South Korea - the former "Hermit Kingdom" - has led the world in economic growth for two decades. In recent times, Koreans have listed their "three blessings" as the weak dollar, low oil prices, and declining interest rates. Attention is now being given to the role of Korean management style in the country's explosive economic growth.

The purpose of this paper is to examine Korean management style. The primary goals of this examination are to determine the general characteristics of this management style and to answer the question of whether it could be a flexible solution to incorporating positive aspects of Japanese style management into the American workplace.

For the purposes of this analysis, Korean management style will be limited to the way in which Korean business leaders or managers manage their businesses. Human resources management will be emphasized throughout the report.

Korean Management Philosophies

Korean management style is perhaps best characterized as egalitarian. Egalitarianism is a belief in human equality - especially in social, political, and economic affairs. As reported in a recent article, "an unassuming air is characteristic of the egalitarian management style South Korean..."
companies have been quietly exporting to their U.S. subsidiaries since the early 1980s. 3

A strong work ethic is also characteristic of the Korean management style. Long hours and strong company loyalty are the norm for Korean managers. Korean managers, as well as workers, "will do what's best for the company because the company is part of themselves." 4

Korean management policies typically encourage face-to-face meetings between company employees and managers. This is consistent with their consensus style of managing. This philosophy of worker participation is reinforced with Samsung's "power and free" assembly lines which enable workers to adjust the line speeds. 5

Also, the Korean cultural respect for age is reflected in Korea's business community where seniority is essential. 6 Other traditional Korean values important to consider include modesty and harmony.

Cultural Influence

Korean management style is strongly influenced by the culture of the nation. Three cultural aspects that I believe must be recognized in order to understand Korean management style are a variety of religious beliefs, previous occupation by the Japanese, and evolving American ties.

Religious Beliefs. There are a number of religious doctrines which influence the spiritual life of the Korean people. These influences are evident in Korean art,
architecture, literature, and performing arts, as well as in Korean business.\textsuperscript{7}

The primary religious forces include Shamanism, Buddhism, Confucianism, and Christianity. Shamanism is perhaps the most pervasive. Often, Korean businessmen of any religion still follow Shamanistic rituals to pray for the success of a new business.\textsuperscript{8} Confucian traditional mores and codes highly value truth.\textsuperscript{9} This is reflected in the society's high regard for honor and honesty.

\textbf{Old-School Traditionalists.} This mostly older group of Korean businessmen has fared well in Korea's patrimonial society. They are well represented by "Chaebol" which literally means "financial clans" and is made up of the nation's top thirty conglomerates. The Korean government considers these private sector firms vital to creating an image of a modern Korean economy so the group members have been treated as favored enterprises.\textsuperscript{10}

Chaebol or the old-school managers were largely educated by the Japanese during their occupation of Korea from 1910 to 1945.\textsuperscript{11} Chung Ju-Yang, the chairman of Hyundai, is typical of this group. Chung wants to push his company ahead with an aggressive, Japanese-style export strategy.\textsuperscript{12}

Also typical of this group, Chairman Chung plays down the good fortune experienced by Korea and by his company. In a recent interview he asserted that the secret of their success is that "we just work hard to survive."\textsuperscript{13}
New Generation Managers. A transition from the old school traditionalists to a younger new generation of managers is currently taking place. This new breed— as they have been called—have primarily been educated in the United States. They are fluent in English and have American friends whereas their parents are fluent in Japanese and have Japanese friends. Consequently, they understand the United States better. This could make them even tougher than their predecessors as "they may be better able to further penetrate U.S. markets." The new generation of managers rely more on professional managers, task forces, and subordinates for decision making.

Daewoo Chairman Kim Moo-Choong is a representative member of this new generation. He is concerned about anti-Korean sentiment in the U.S. and other trading-partner countries. He is committed to the belief that the "only way Korea can succeed is through partnerships with the west."

Political Pressures. There are a variety of political pressures operating on Korean managers and the business community in general. The Korean political system has experienced much instability since the Japanese occupation ended. Primary loyalties and responsibilities are felt for family and local communities while there is less commitment to national political parties. Today the most prominent political issues in South Korea are related to economic expansion and international trade relations.
Economic Expansion. South Korea has experienced a rapid economic expansion. Seoul officials claim that "South Korea's explosive economic growth has dampened the political appeal of the opposition." At the same time, however, opposition leader and dissident, Kim Dae Jung says that prosperity is sparking political unrest.

Trade Relations. The Korean government is facing strong political pressure regarding trade relations. Bowing to pressure from the U.S., they have pledged to limit their 1987 trade surplus with the U.S. to seven billion dollars. As the U.S. accounts for approximately forty percent of Korea's exports, Korean leaders feel that it is very important to avoid being lumped with Japan in the current trade-imbalance controversy. Korean officials are attempting to balance this external pressure with tremendous internal political pressure to protect domestic industries. Strong feelings of protectionism are more commonly associated with members of the old-school traditionalists.

U.S.-Korean Relations.

As mentioned previously, trade relations with the United States have been, are, and will continue to be very important to South Korea. In addition to trade, the U.S. and Korean relationship includes military involvement, vocational training and education, and business investment. This ongoing relationship has evolved as Korea has gained in economic strength and independence.
Many Koreans see the U.S. as a permanent benefactor because of its role during and after the Korean War. In addition to the role of liberator, American industries have contributed to this "U.S. as benefactor" image by providing jobs and technical training to Korean workers over the years. As the United States moves more aggressively to protect its self-interests the relationship between the U.S. and Korea will undoubtedly change.

Adaptations to the American Workplace

Korean managers recognize the different character of labor relations in the United States. They - like the Japanese - also espouse teamwork, employee participation, minimal hierarchies, and the corporation-as-family idea but they tend to tailor their practices to the American style.

Korea's U.S. plants are operated by egalitarian managers who take pride in being more flexible than the Japanese. Thomas G. Dimick, a Samsung manager states, "The Japanese are from a homogeneous society, so they are less accepting of anything that is not Japanese. Korea is a land of division, so the people are willing to listen and not get their feet stuck in concrete." This seems to account for the more flexible and accepting nature of the Korean management style.

Japanese Management Style Comparision

Japanese management style - or Theory Z as it is sometimes called - has received a great deal of attention over the past several years. Many writers have hailed Japanese management as
the cure-all for the problems of traditional American management.

Some problems with managing an American workforce through Japanese management style have also come to light. A study by William Ouchi and Jerry Johnson concluded "that Japanese companies succeeded in the United States with a mixed Japanese-American approach to organization."25

Management guru Peter Drucker flatly states that Japanese companies are not better managed than American companies—they are managed differently. He further asserts, "Every Japanese management practice is of American origin...we preach it, they practice it."26

I believe that Korean management style can be a positive way to incorporate many of the acclaimed traits of Japanese management into the American work place. Through its flexibility and higher acceptance of diversity, Korean management style has the potential to achieve a greater emphasis on the comprehensive well being of employees.

The U.S. Bureau of Economic Analysis released statistics concerning the average American worker in 1984. These statistics reveal a significant increase in average productivity in Korean operated plants in the U.S. as compared to American operated plants in the U.S. — from $74,000 at the Korean plants to $87,000 at the American plants.27 This observed increase in productivity should be an incentive even for those not interested in a concern for the total well being of employees.
Related Strategies

The Korean government and business community have a number of common strategies which are related to Korean management style. These broad strategies involve investment, education, and the economy.

Investment. Many Korean businesses are seeking to establish a manufacturing base in the United States. This is largely in response to growing trade pressures and anticipated future restrictions on importation. As more Korean-owned factories come into operation in the U.S., Korean management style will become a topic of greater interest for American businesses and workers.

Education. The Korean government and industries are sending a growing number of students to the United States. Their goal is to boost brainpower to enable Korea to be more competitive with Japan and other developed countries.28

This scientist-poor nation faces a tough transition as they seek to move more deeply into high-technology industries.29 As in many other Asian countries, the development of human resources through education and vocational training is essential to continued economic growth.30

Economy. Korean officials hope to maintain economic growth and eventually move South Korea into the ranks of industrialized nations such as Japan and the U.S. To do this they will have to maintain economic growth and continue developing the human resources necessary to manage that expansion.
Implications for Human Resource Managers

The success of South Korea - the nation that brings us such products as Hyundai cars, Daewoo computers, and Samsung video recorders - has been fueled by many factors. I believe that Korea's flexible egalitarian management style is one of these factors.

This management style can become a practical way to achieve the more participative and humanistic aspects of Japanese management style that so much of American business is trying to embrace.
ENDNOTES


2. Ibid., p. 56.


4. Loc. cit.

5. Loc. cit.


8. Ibid., p. 104.

9. Ibid., p. 111.


15. Ibid., p. 59.


18. Lord, op. cit., p. 56.


20. Ibid., p. 61.

22. Lord, op. cit., p. 56.
23. Baum, op. cit., p. 66.
27. Baum, op. cit., p. 66.
29. Ibid., p. 56.
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