



Key success factor in Korean Management

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Republic of Korea



Economic Situation

Population	49,039,986 People (2014.07)	26th most population in the world
PPP GDP (Purchasing Power Parity)	1,666 US\$ billion (2013)	12th largest economy in the world
Trade Volume	1,068 US\$ billion (2013)	8th highest total trade volume
Employment to population ratio	63.8% (2011)	22th highest in the OECD
Sovereign credit ratings by S&P	A+ (2014.09)	Positive



2010's kangnam(South of the river)

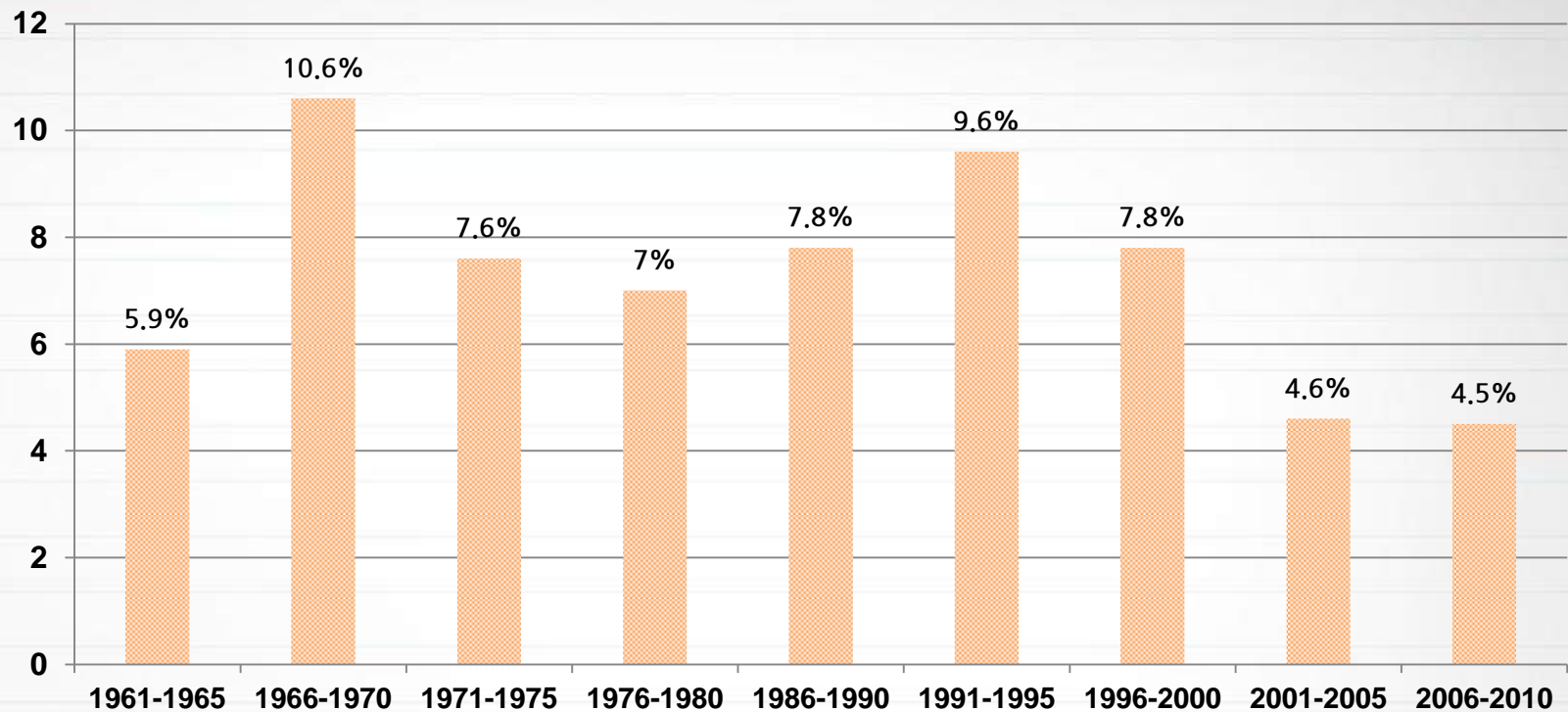


1980's kangnam(South of the river)



1960's kangnam(South of the river)

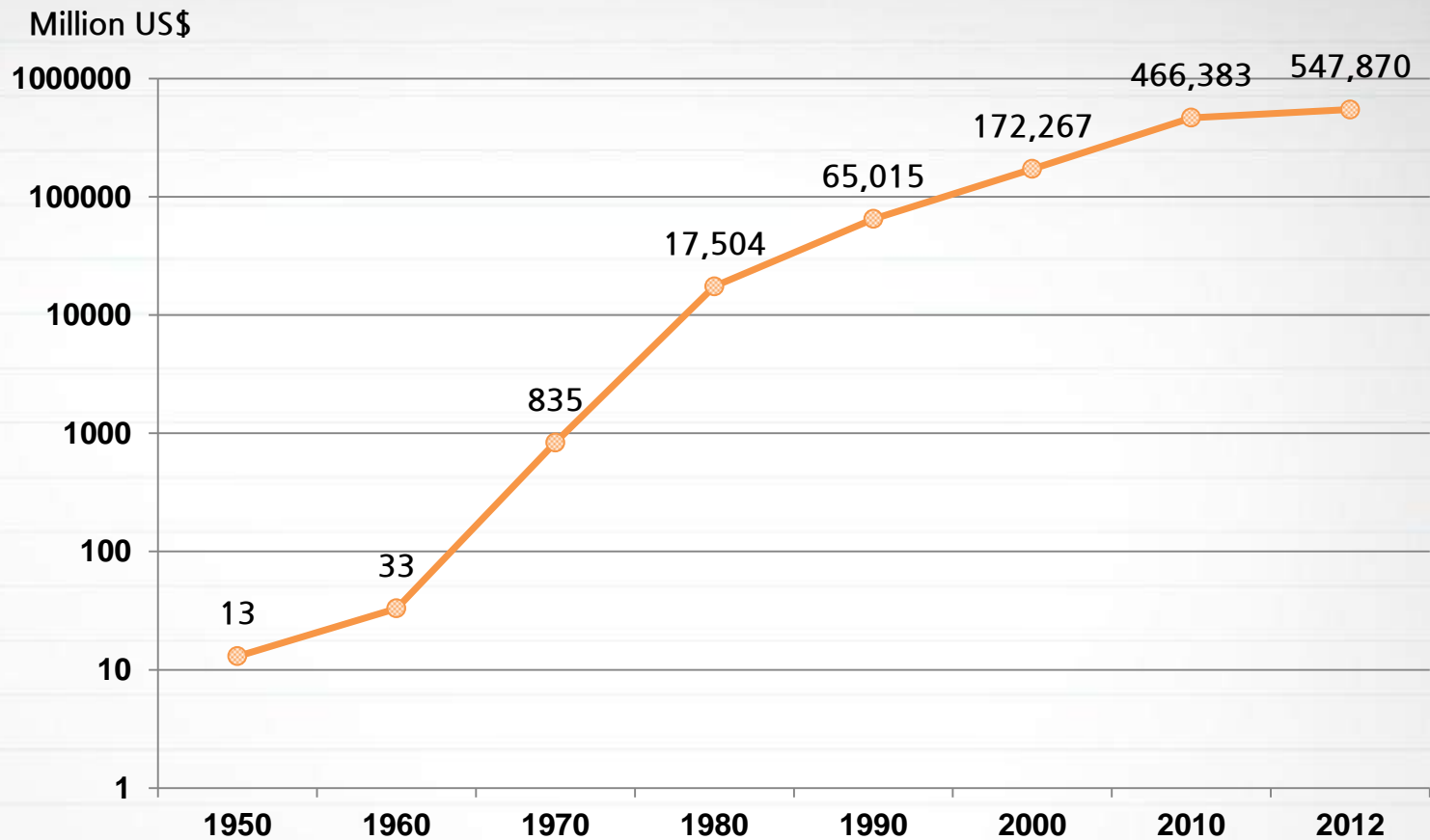
Korea's Economic Growth



Annual Growth rates(five year average values)

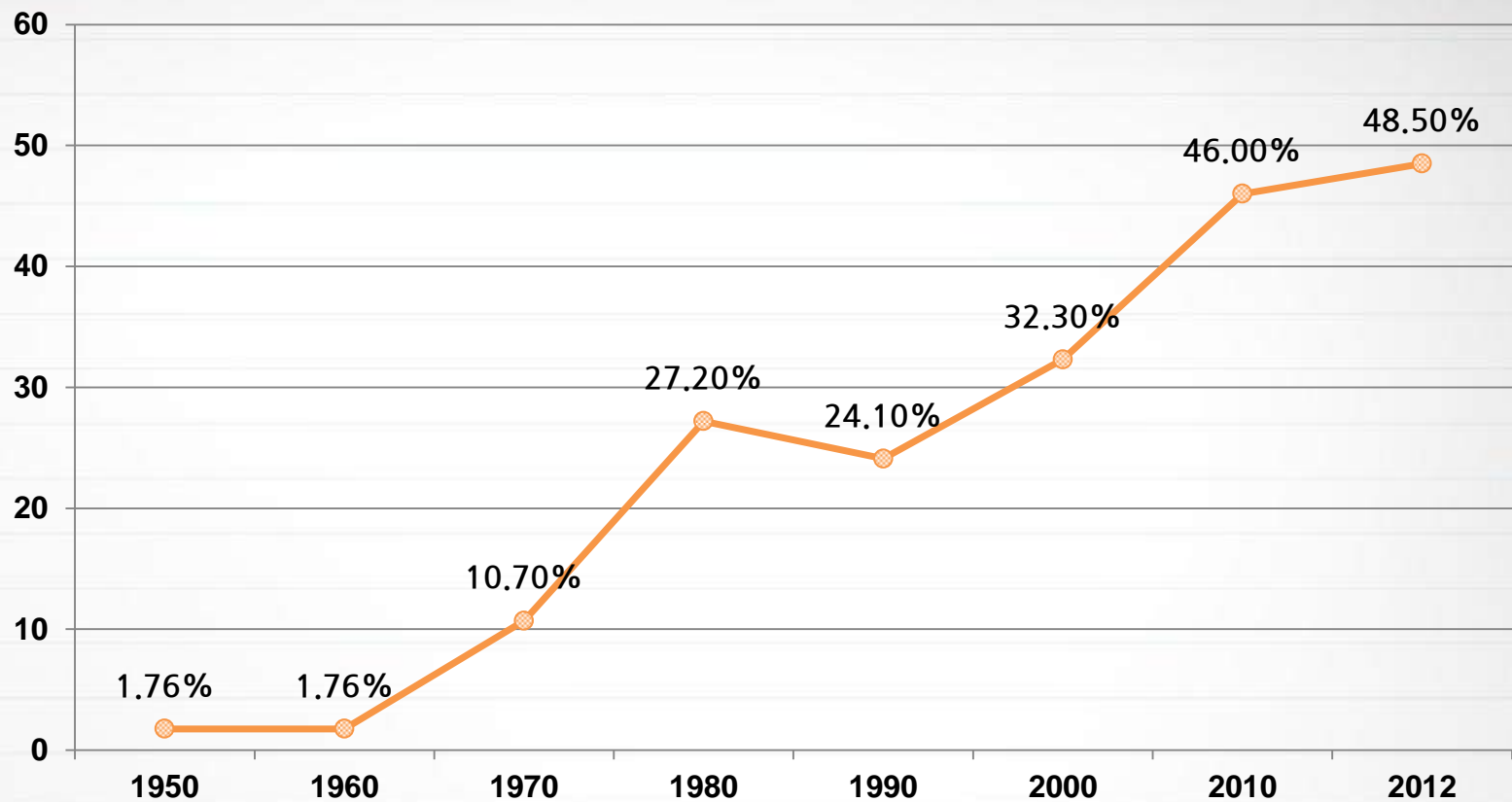
Source: Bank of Korea

Korea's Export



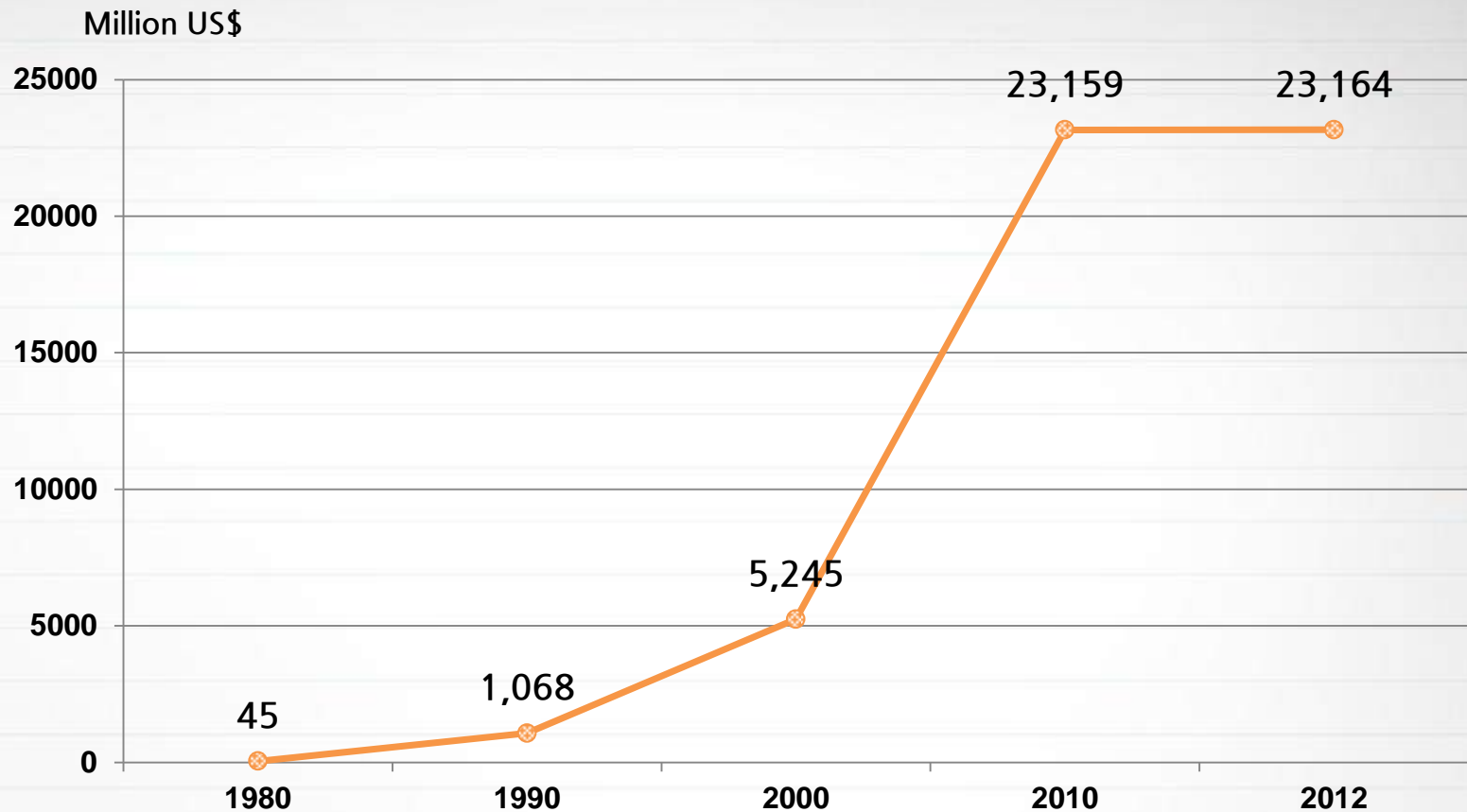
Source: Bank of Korea

Korea's Export/GDP Ratio



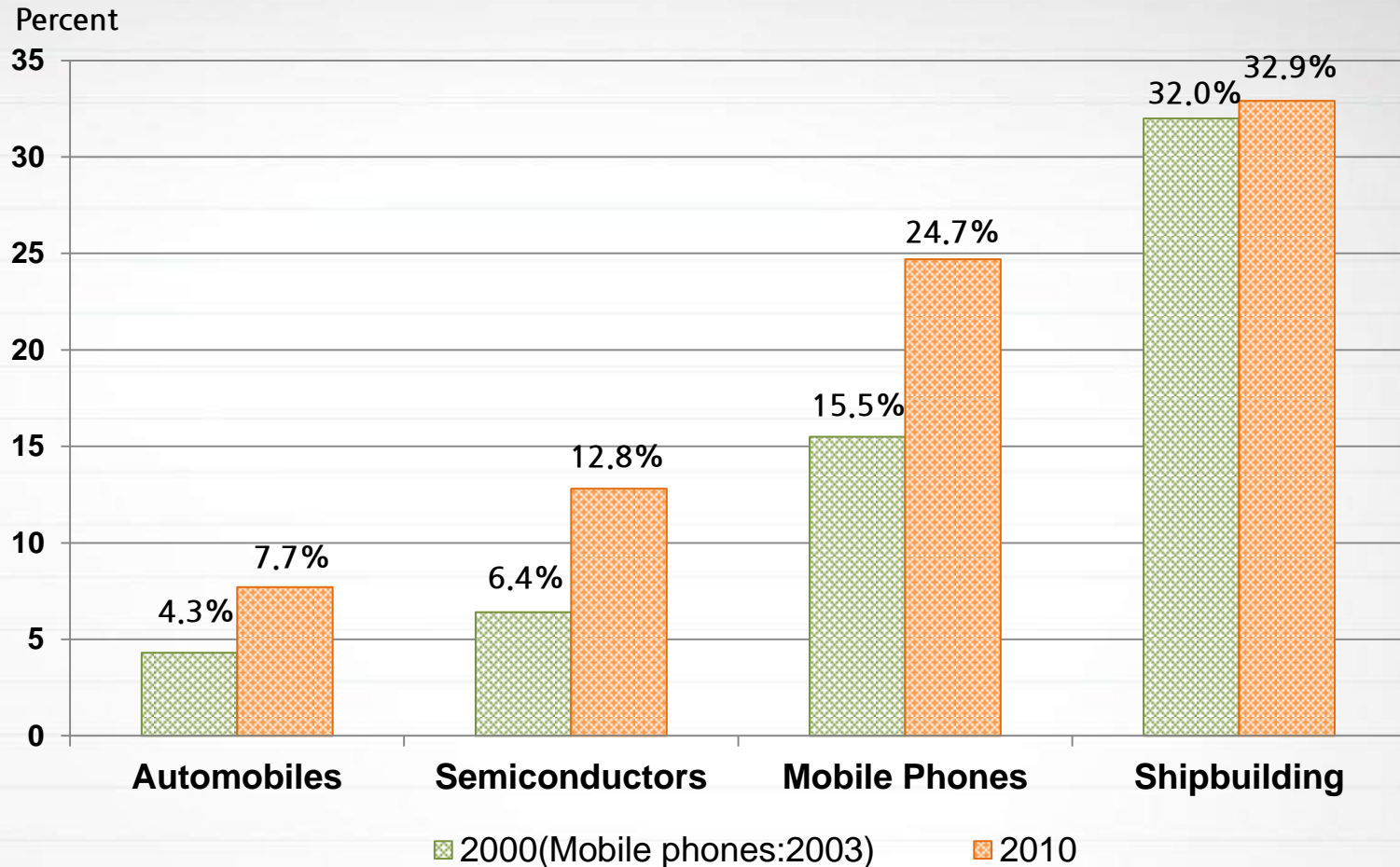
Source: Bank of Korea

Korea's Outward FDI



Source: Bank of Korea

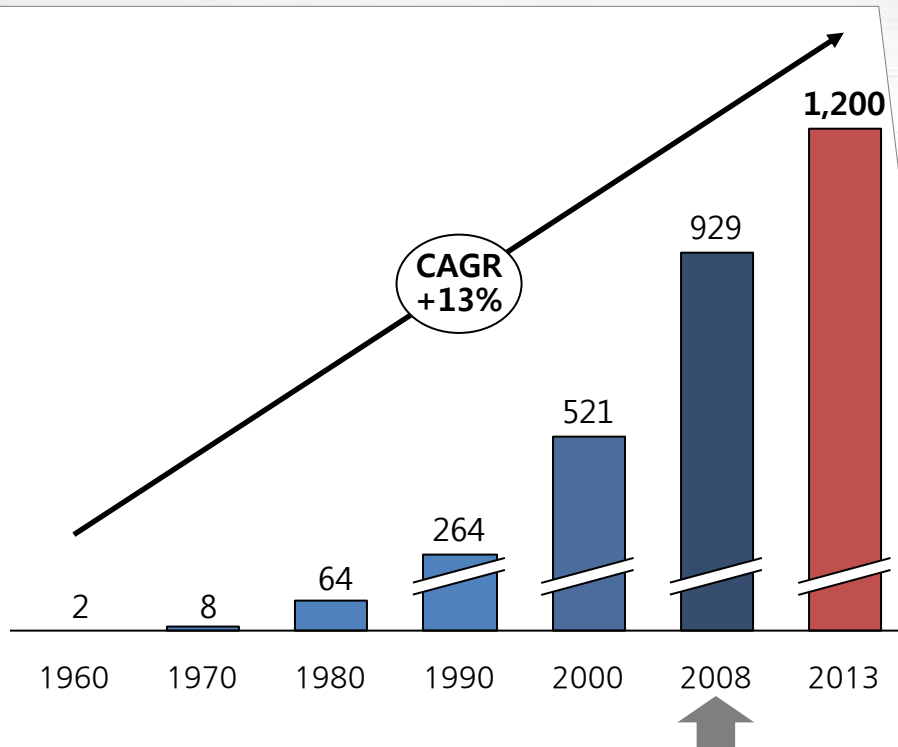
Korean Companies' Global Market Share



Source: various industry associations

GDP Growth

(Unit: US\$ billion)



Where Korea stands in the world

- 13th largest economy in the world
- 11th highest total trade volume
- 6th largest foreign reserve
- Donor country as a UN member

Korea is World's Major Exporter of

Export Value(2008) Status(2008)

Shipbuilding



(Unit: US\$ billion)

43.1

No.1 market share
(40% of all orders worldwide)

Handset



35.7

No.2 market share
(25% -
Samsung:16.2%,
LG:8.%)

Automobile



34.9

No.5 market share
(5.6% share)

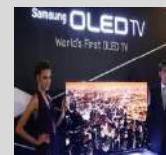
Semi-conductor



32.8

No.1 market share in DRAM
(50% share)

Display



18.3

No.1 market share
in LCD(46%),
PDP(52%) and
OLED(45%) displays

Hallyu

KOREAN

FEVER

Exhibición de baile K-music

Lugar: Salón del Manga

Fecha: 01-11-2010

Hora: 13:00h-14:00h

Actuaciones: Super Junior, B2st, Miss.A, DNA, SNSD, SHINee, Hyori, 4Minute, G.Na.

GRUPOS: B/yul, SSTY, SUPuu

Hallyu
hot
blast

The trend of hallyu

- Korean Wave' of pop culture sweeps across Asia – CNN
- K-music sweeps South West Music Festival – korea.net



Super Junior



⬅ On May 29, hundreds of fans, mostly young Chinese women, began lining up for tickets. By the next morning, that number had swelled to nearly 10,000, resulting in a scene so chaotic that police could barely control what turned into a stampede of thousands of girls clamoring for a chance to see one of the most famous boy bands in Asia, arguably even the world. - CNN

The trend of hallyu

- last 10 years, “Dae Jang Guem” exported **87 country**
- “Dae Jang Guem” income about **120 billion**
- thesedays, many drama include
“You Who Came From the Stars” export abroad



Kim Soo Hyun arrived at Suvarnabhumi Airport



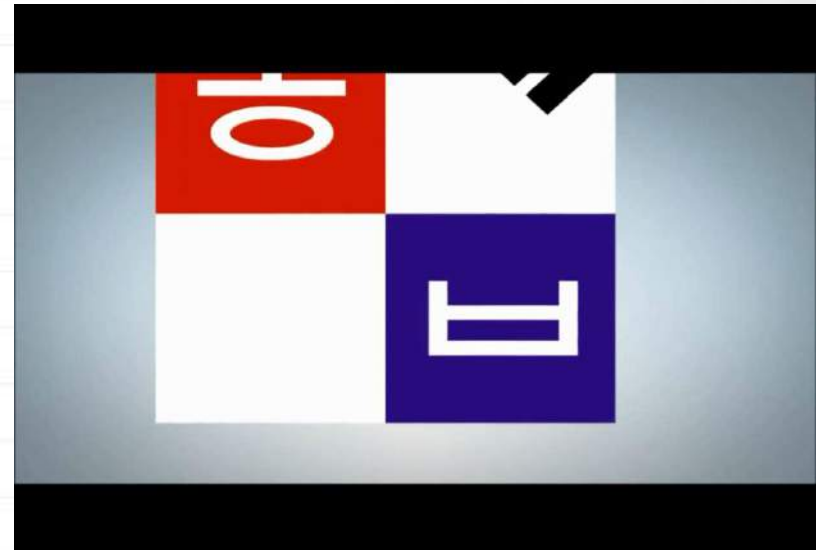
source :CCTV 2013, wikipedia, nksc

The trend of hallyu

- Gangnam style parodies hot in world
- As of May 31, 2014, the music video has been viewed over **two billion times** on YouTube, and it is the site's most watched video



GANGNAM STYLE Live in Paris

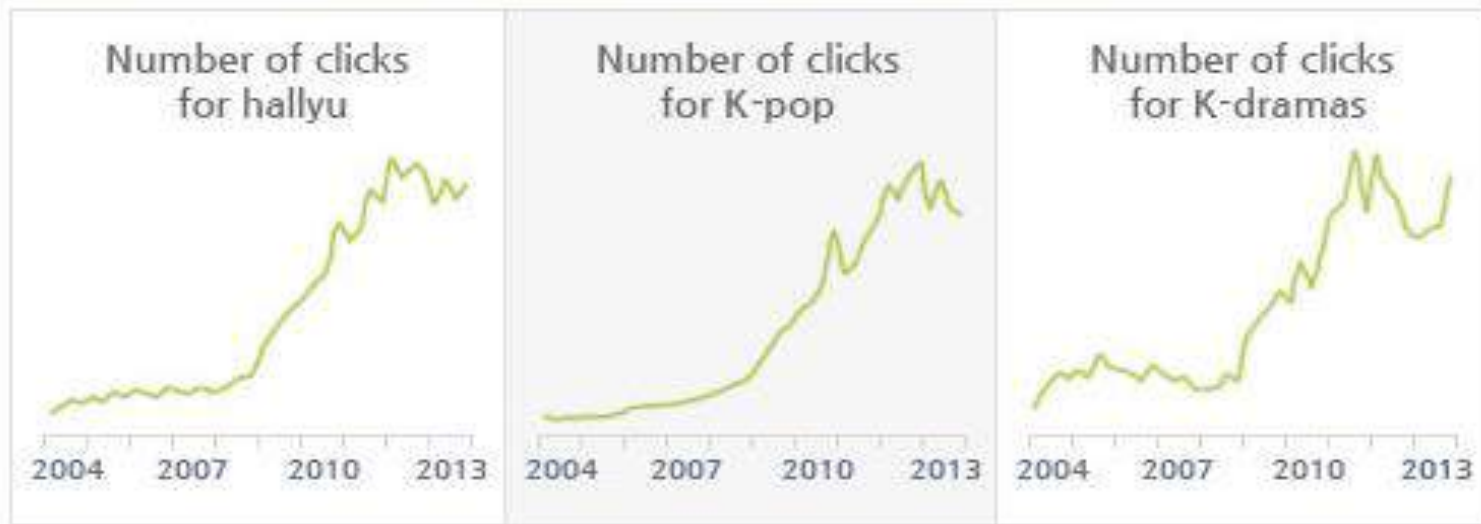


source : CNN 2013, CCTV 2012, wikipedia

Hallyu Seen through Search Results

- Increasing Searches for Korean Pop culture in world

<Figure 1> Increasing Searches for Korean Pop Culture



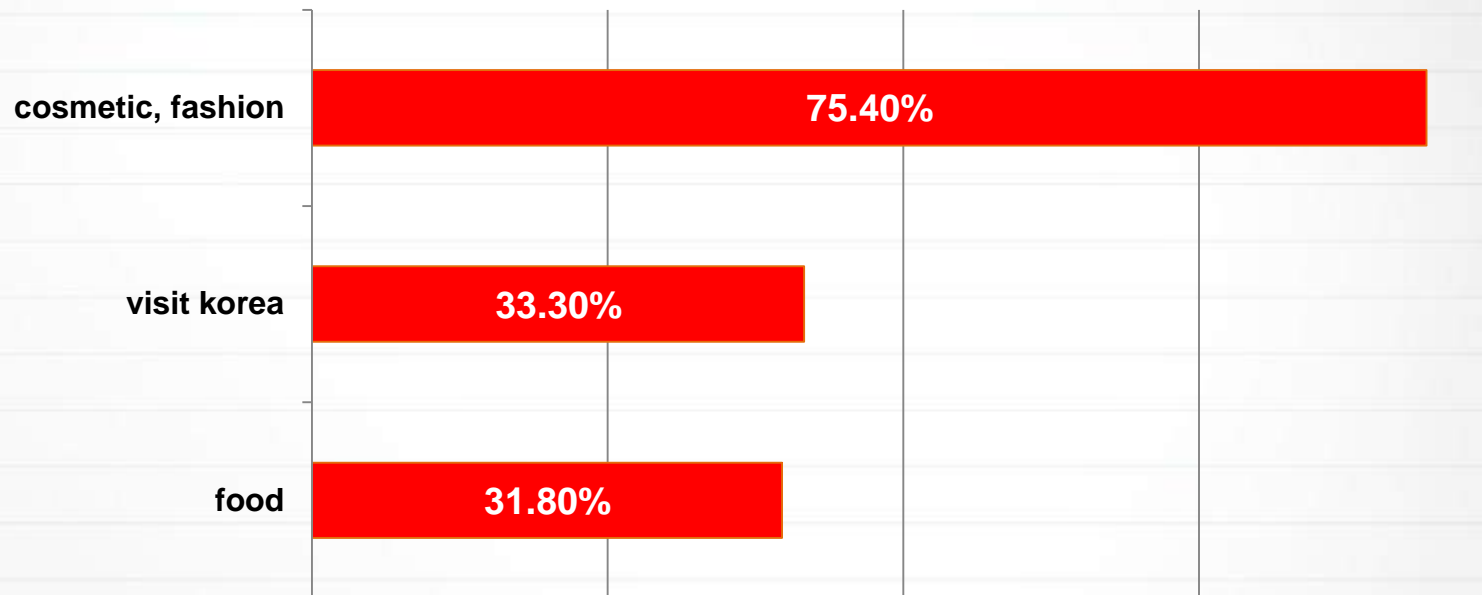
Source: Google Trends, LGERI

Note: The number of clicks for hallyu is the total for K-pop and dramas (quarterly trends).

source : Google trends, LGERI

The hallyu effect in economics

- Increasing hallyu effect in Korea economics
- world people want buy Korea cosmetic, fashion, visit Korea, food Etc...



source : kocca

The reason of hallyu population

1. Eye candy!

- The stars of dramas, k-pop are very attractive.

2. Cultural appeal

- It's educational and performance.

3. Squeaky clean

- The majority of K-Dramas are G-rated and very clean compared to American movies and television.

4. Fresh factor

- Many people from the Western world watch Korean dramas and pop just because they are different from the programming they are used to.

5. Cool clothes

- The fashion in dramas and k-pop star clothes has definite trend appeal.

source : hubpage

Management point of view, hallyu

1. Korea entertainment firm target Asia market first and extend the world because of Asia market have similarly culture
2. Korea entertainment firm effort to understand to other country culture for infiltration

Management point of view, hallyu

3. Leader of entertainment have a clear vision and action plan for success
4. Goal setting, the firm Setting ambitious, concrete and exciting goals

Management point of view, hallyu

5. The entertainment firm dispatch scouts for the talent, trainee for star selected after exhaustive verify a talent
6. The entertainment firm management their star so exhaustive.
Example: food, exercise, time etc...

Management point of view, hallyu

- No1. 2 → • Business Strategy
- No3. 4 → • Leadership
- No5. 6 → • Human resource management



Key success factor in Korean Management

Cornerstones of Korean Management





Basic Orientation

- New products and services: aggressive diversification into new industries
 - 1) Related diversification
 - 2) Unrelated diversification
- New technologies: strong investment into and rapid exploration of new technological fields
- New market: rapid entry into new countries and regions



Overall: very aggressive, risk-taking business strategies



Implementation

- Speed: 'palli, palli'
 - 1) Set very ambitious time schedules
 - 2) Meet deadlines under any circumstances
- External flexibility
 - 1) Flexibility regarding partner selection
 - 2) Flexibility regarding collaboration mode
- Internal flexibility: rapid re-allocation of financial and human resources to priority activities



Overall: focus on speed, supported by high flexibility



Leadership Features(1)

- Charisma
 - 1) Capability to motivate and excite employees and stakeholders
 - 2) Lead by good example
- Corporate value
 - 1) Business leaders installing personal values on their organizations through company mottos
 - 2) Supports alignment between strategic preferences and organizational behavior

Core values of Korea's ten largest business groups, 2011

Company	Core Value
Samsung	People first, striving for excellence, leading change, integrity management, co-prosperity
Hyundai Motor	Challenging action, communication and collaboration, customer first, global mindset, respect for people
SK	Passion, love, challenge, innovation, integrity, responsibility
LG	Creating value for customers, respecting people
Lotte	Customer orientation, originality, collaboration, responsibility, passion
POSCO	Customer orientation, pursuit of challenges, implementation focus, respecting people, moral integrity
Hyundai Heavy industries	Imagination without limit, search for challenges, value creation, keeping promises, respecting people
GS	Dreaming of tomorrow together with customers, creating new values in life
Hanjin	Value innovation, relationship innovation, system innovation, capability innovation
Hanwha	Challenge, integrity, dedication



Leadership Features(2)

- Goal setting
 - 1) Setting highly ambitious, concrete and exciting goals
 - 2) Apply comprehensively from corporate to individual level
- Crisis creation
 - 1) Creating a sense of crisis(or a real crisis) from inside
 - 2) Maintaining organizational tension and motivation



Leadership : Supporting Factors

- Centralization of authority
 - 1) Senior leadership widely accepted
 - 2) Following Confucian culture tradition
- Chairmen's planning offices
 - 1) Efficient group level intelligence units
 - 2) Reporting directly to chairmen
- Strong intra-organizational coherence
 - 1) Korean style collectivism
 - 2) Inwha and Jeong



Human Resource Management

- Recruiting
 - 1) Highly selective/competitive
 - 2) Based on comprehensive evaluation of applicants
- HR development
 - 1) Extensive and continuous training
 - 2) High profile corporate training centers and programs
- Compensation and promotion
 - 1) Traditionally seniority based
 - 2) Increasingly performance based



HRM : Supporting Factors

- National hunger for economic success
 - 1) History of poverty and suppression
 - 2) Motivation through new social and economic mobility

- National education zeal
 - 1) Confucian tradition
 - 2) Competition based on education merits

Summary : Key Features of Management

- Entrepreneurial ambition with a long term perspective
- Aggressive, risk-taking and persistent business strategies
- Fast implementation
- Flexibility regarding implementation methods
- Strong executive leadership
- Creating a strong team spirit
- Emphasis on human skill formation
- Providing strong motivational incentives



Korean Companies' Dynamic Capabilities

- Dynamic Capability : Ability to change or re-configure existing capabilities according to business needs(“meta capabilities”)
 - 1) Ability to seize opportunities
 - 2) Ability to learn from past experiences
 - 3) Ability to learn from others
 - 4) Ability to act quickly
 - 5) Ability to change procedures flexibly





Thank you~!

Dr. Nei Hei Park