Influences of Confucianism on Korean Corporate Culture

TAN SOO KEE

Introduction

Korean corporate culture is one of the most dynamic and distinct corporate cultures in the world. With its high quality of labor and positive organizational behavior, it has contributed to the rapid development of the Korean economy. Big Korean conglomerates such as Samsung, Hyundai and LG have emerged as well-known brands in the global consumer market within a short period. Besides the strong leadership of the Korean government, the hard work and self-discipline of Korean labor are significant factors in speeding up the growth of Korean conglomerates. The poor economy of Korea after the Korean War has begun to change from the 1960s with new leadership and a new economic system. The close cooperation between the private sector and the government has been proven to be an effective strategy in developing the nation’s economy. From an agricultural country to a knowledge-based economy today, the contribution of the Korean government’s leadership, the positive work culture and the management system of Korea are equally important.

The characteristics of Korean corporate culture are influenced by several factors. The oldest influence is from Confucianism, and the recent influences are from America and Japan. Confucianism, as one of the major state philosophies in Korea, is continuously influencing the development of Korean society and culture in its values system, family relations and social stratification. Confucian values such as respect for the old, loyalty to superiors, harmonious relations and filial piety are the main values that have significantly affected Korean inter-personal relations and work culture. Many founders of big chaebols in Korea are famous for their hard work and paternalistic leadership in managing their business. Employees are treated as their own family members and in return they are expected to be willing to sacrifice personal interest for company benefit.

Besides the influence of Confucianism, Japanese and American influence on Korean corporate culture are also significant. Japanese influence on Korean corporate culture came in the early twentieth century when Korea was ruled by the Japanese from 1910-1945. The Koreans’ work behavior such as self-discipline, diligence and team spirit is very similar to the Japanese. The emergence of big business groups in Korea is also affected by the Japanese economic structure which is heavily dependent on big conglomerates. After Korea’s independence from Japanese colonization, influences of American culture on the Korean management system have begun to outweigh that of the Japanese. More and
more American values on the management system were introduced and gradually penetrated the Korean corporate world. However, as an old Confucian society, traditional Confucian values still maintain their dominant status in Korean life and cultural practices.

This paper will concentrate on a discussion of Confucian influences in Korean corporate culture based on support from the latest evidence and examples. The definitions of corporate culture and main Confucian teachings will be discussed briefly before going through the main points of this paper.

Definition of Corporate Culture

In general, the concepts of culture can be defined through several meanings, such as way of life, values system, ritual practices, philosophy, art forms and people's work behavior. The concept of culture is so broad and not easy to describe at all. Culture can be divided into regional level, national level, generation level, gender level, corporate level and so on (Hofstede, G. 1997). Culture at the national level is associated with the nation as a whole. It applies to every person of the same nation in terms of language, customs, arts, family values, clothing and food. For instance, Korean culture is different from Japanese culture in the language they speak, the food they eat and the religion they believe in. However, at the regional level, the Koreans and Japanese do share some cultural similarities such as family values and collectivism.

Culture at the generation level is associated with the differences between grandparents and parents, parents and children. Values carried by a 20-year-old woman are different from a 60-year-old woman in many issues. Due to the age gap, many things are viewed differently. In terms of corporate level, culture is associated with the particular culture of an organization and is applicable to those who are employed in it (Hofstede, G. 1997). In other words, corporate culture can be defined as the culture of one group of people who share the same goal. This group of people could be a company or an organization. When the values and behavior of the people in the group are combined, culture is automatically created.

Corporate culture plays an important role in determining employees' work behavior and the company's financial performance. Some aspects of culture appear in visible ways but some are invisible. Visible culture are like the company dress code, work environment, work hours, ways for getting promoted, how the business world is viewed, what is valued and who is valued (Debra Lead Thorsen, 2007). This is the surface layer of culture. All of these can be seen and some are entrenched in the company's policies and regulations. Visible cultures play important roles in influencing its members' behavior and determining how its members interpret the environment. For example, strict rules for employees' daily attendance and work hours normally create mechanistic and conservative behavior in its members. It encourages obedience and conformity to rules and does not encourage free opinions.

The far more powerful aspects of culture are invisible. It is composed of the beliefs, values, standards, worldviews, moods, internal conversations, and private conversations of the people that are part of the group (Debra Lead Thorsen, 2007). Invisible culture cannot be seen but it is more powerful than visible culture in influencing an organization's competitiveness and management efficiencies. Usually, invisible culture comes from the characteristics of the founder and leadership styles of the organization. Founders set the scene for the later development of a culture because they do not only establish the new organization's values but also selected and recruited its first members. Presumably, the people selected by the founders have values and interests similar to them. Over time, members perpetuate the founder's values in the organization, and therefore culture of the organization is automatically created.

The cultural values are shown through the members' behavior in daily management issues and how they deal with uncertainty inside and outside the organization. For new members of the organization,
although they cannot learn the visible culture by reading the organization's policies, they can learn
the culture by observing how existing members behave and inferring what behaviors are appropriate
and inappropriate. For instance, if a majority of the existing members respect their seniors and obey
their superiors without objection, the newcomers would also behave in the same way in order to
fit into the organization culture and lessen their distinctiveness. Indirectly, the invisible culture has
transformed them.

Managing corporate culture is one of the many essential management tools. A strong corporate
culture can be an asset for a company. The emergence of big Japanese and Korean conglomerates since
the 1970s has been mainly contributed by its positive corporate culture. The Koreans and Japanese
are famous for their diligence and high quality of work. Their willingness in sacrificing individual
benefit for company interest has helped many Korean conglomerates to grow tremendously within
a short period. Thus, a study of Confucian values and their influences on Korean organizational
behavior is significant for a better understanding of Korean corporate culture.

Confucianism and Korean Culture

Confucianism has set up the base for Korean value systems and social structure since a thousand
years ago. It is the traditional values for Korean people and it has long been recognized in Korea
as the greatest and most essential philosophy in Korean civilization. From Korean daily life to the
political system, the presence of Confucian elements is easy to be seen, which shows its strong
influence and its dominant status in Korean modern society today.

The concepts Confucius taught are centered on ethical values and do not concern much about
religious and natural sciences issues. According to Confucius: “Not yet understanding life, how can
one understand death?” He advised respect for the spirits but by keeping them at a proper distance.
This lack of concern for religious issues is contrasted sharply with other dominant philosophies in
the West and India (Edwin O. Reischauer, John K. Fairbank, 1960). This makes Confucian teaching
seem unexciting to those accustomed to a more rarefied philosophical atmosphere.

Basically, Confucianism is centered on the teaching of moral values which emphasizes the
harmonious value of inter-personal relations. The main teaching of Confucius is ‘Ren’ or humaneness.
Confucius said: “If you are really committed to humaneness, you will have no evil in you.” (Analect)
Humaneness (Ren) by Confucius is comprised of several meanings: it is love, harmony, kindness
and benevolence. Ren is also filial piety, awareness of right and caring about virtues. As Confucius
said: “A Superior Man has four characteristics: in his private conduct he was courteous; in serving
superiors he was respectful, in providing for the people he was kind; in dealing with the people he
was just.” (Analect) The main concept of Ren has influenced human relations of Korean people as it
stresses on the value of harmony and love for each other.

To create a harmonious society and a prosperous nation, Confucius has divided human relations
into five relationships: parent and child, ruler and subject, husband and wife, elder and younger,
and friend with friend. Each relationship has its own ethic code and principle. Parents should take
care of sons and sons should have filial piety for parents (hyo), a ruler should treat his subjects with
righteousness and justice while a subject should be loyal to his ruler (chung), distinction (pyol)
between husbands and wives must exist and a wife must always obey and be loyal to her husband,
juniors must obey orders from elders and a friend must trust his friend (shin). All of these Confucian
norms have permeated many aspects of Korean daily life. It makes the Korean value system stress
a lot on the importance of loyalty, filial piety and gender differences. All are expected to behave
according to these principles. Without them, one is regarded as a worthless individual or uncivilized,
which would mean deserving of severe punishment from society. As a result, formalities in speech
and patterns of behavior restricting the freedom of thought and preventing any chance for progress
beyond the limits of Confucian standard were created and upheld in Korean society.
In Confucian society, every individual has its own roles and responsibilities according to its identity and social class. One of the main teachings in Confucianism says: “Let the ruler be a ruler and the subject a subject; let the father be a father and the son a son.” Everyone has their own duty and roles to play and each of the roles has its moral principle to be adhered to according to their age, gender, job and education as well. These Confucian values have built up a strong Confucian hierarchical society in Korea. Its influences are not only seen from the structure of society but also in the development of a certain pattern of the Korean language. To persons in the higher class, those in the lower class were required to use the honorific form of address, and to the lower class the higher class persons would use a blunt form (panmal). Hierarchy exists in language itself to suit the custom’s needs.

Because the social status and roles of each individual and gender are emphasized in Confucianism, favoritism became a significant factor rooted in Confucian feeling. Favoritism means the treating of one person, family, or class of men with special favor or partiality to the correlative neglect of others. Different relations are based on different ethic codes according to one person’s age, job and gender. In general, men and superiors receive more favors in Confucian society. It is allowable although there is inequality between the superior and inferior. For example, the status and authority of the father (superior status) are not challengeable by sons (inferior status) although the father might be wrong. Confucius said: “When you serve your parents it is okay to try to correct them once in a while. But if you see that they are not going to listen to you, keep your respect for them and don’t distance yourself from them. Work without complaining.” (Analect)

In terms of gender, women’s basic roles are to obey men. Women are required to obey their fathers before they are married, obey their husbands after they are married and obey their eldest sons after the death of their husbands. Due to the inferior status of women in society, favoritism between men and women is an important feature in Korean culture and society. Gender inequality is not only practiced in the family but also performed in the workplace and even in school.

In Confucian teaching, happy families are the foundation for a harmonious society and filial piety is the prior criteria for creating happy families. If the child does not have respect and love for his parents, harmonious relations between family members definitely cannot be established. Filial piety here means not only physical benefits but also obedience, respect, love and good manners. Confucius said: “When your father is alive, observe his will. When your father is dead observe his former actions. If, for three years you do not change from the ways of your father, you can be called a ‘real son’ (hyo).” Confucius emphasized that if people are careful (about their parents) to the end and continue in reverence after their parents are long gone, the virtue of the people will return to its natural depth, and all other natural forms of human goodness would be positively affected by it. Therefore filial piety is the most fundamental practice in the development of the character of a human being and to maintain the happiness in one family. This thinking has been deep-rooted in many Korean minds and all are expected to behave that way. Without filial piety (hyo) one is regarded as a worthless individual or uncivilized.

Confucian Influence in Korean Corporate Culture

The base structure of Korean organizations and its management culture are also dominated by Confucian values although Western culture has begun to challenge the Confucian dominant status. The influences of Confucianism in Korean corporate culture can be seen from the existence of favoritism in organizations, paternalism leadership, the significance of loyalty and harmonious values, collectivism, family concepts, the hierarchical structure and gender roles.
Paternalistic Leadership

The five relations mentioned in Confucianism – sovereign and subject, parent and child, elder and younger brother, husband and wife, and friend and friend play their functions in the Korean organization. Each individual in the organization practices the similar principles as at home. The superior is as the parent, inferiors are as the children and colleagues are as brothers. Basically everyone is treated like their own family members.

In order to make the five relations function smoothly, certain etiquette and ritual behavior must be adhered to. Of these, the filial and loyal relations are usually stressed. For instance, subordinates should always respect and be loyal to their superiors while the superior should take care of the well-being of his subordinates. Like the role of a father, the superior or employer is expected to lead and command authority with a stern hand, yet also with affection to meet the needs of the employees. The role of the inferior or employee is to obey the employer or superior’s commands and to complete the task given by the superior without any objection. This has developed a strong paternalistic leadership in many Korean companies.

Under the paternalistic leadership, employees are protected by their employer and are provided with what they need, but are not given any responsibility or freedom of choice. This practice was particularly strong in the 1960s and 1970s when many Korean laborers were not given freedom and the right to question their employers’ management decisions. They were expected to be thankful for what had been provided and for the protection given by the employer.

According to the records of Analect, Tzu Chang asked: “The Chief Minister Tzu Wen was appointed three times, but never showed any sign of pleasure. He was fired three times, but never showed any sign of disappointment. He would always inform the incoming minister about all the details of the prior government. What do you think of him?” Confucius said, “He was loyal.” From the dialog between Tzu Chang and Confucius, it shows the values of loyalty and paternalism are stressed in Confucianism. Employees or inferior staffs are not encouraged to complain about their work; instead they should obey the superior without any complaints.

Even though Confucianism stressed on the loyalty from the inferior side, it also required good leadership from the ruler side in order to maintain good relations and efficiencies. The meaning of ‘protect’ by as: employer or ruler is comprised of many meanings. It is based on the value of righteousness and justice and is not merely based on material benefits. In Analect, Chi K’ang Tzu asked Confucius: “How can I make the people revere and loyal, so they will work positively for me?” Confucius said, “Approach them with dignity, and they will be reverent. Be filial and compassionate and they will be loyal. Promote the able and teach the incompetent, and they will work positively for you.” This statement clearly shows that the performance-based system is the prior condition for expecting loyalty. The ruler or superior should lead his followers and subordinates with justice and fairness. The unfortunate thing is that many people who carry leadership roles fail to rule with justice but still require the loyalty from their subordinates. This has created the problem of favoritism as well as the unfairness and inefficiencies in Korean management. Until today, paternalistic thinking remains strong among the leaders in many Korean companies.

Family-like Working Environment

One of the positive aspects under paternalistic leadership is that a family-like environment is formed in Korean work organizations. Everyone is treated as their own family members; the superior plays the role as a parent while the senior staff plays the role as elder brother. To those who are of superior status, they are expected to take care of the inferior and be concerned about their well-being. As a whole, the organization or corporation tends to function as a family. Strong family-like bonds
among employees are always emphasized and the founder or chairman is normally considered as a quasi-father figure.

To create a family-like environment, many company activities are arranged regularly to motivate employees. Bonuses are proportioned to be paid at special occasions: kimchi making time, and at family occasions like Chuseok and New Year. Special financial assistances are given at the time of a family funeral and at school entrance-fee time. In the department level, the celebration of a staff’s birthday is common as well as the friendship visit to a colleague’s house during special occasions. Company members also often share family events together such as weddings, parents’ birthday celebrations and the birth of babies. Through this common practice, the relations between colleagues could get closer and better. When the employees feel that they are part of the company and are respected by others, the sense of belonging could be built and everyone is willing to work hard for the company. When employees are treated with dignity and compassion, loyalty and long term service are expected from them.

Hierarchical Structure

In Confucian thought, hierarchy is necessary to maintain group and social harmony. In olden times, social structure was divided into five classes and everyone in the society was bound by the class and status they were in. Each class had its particular rules and customs to be followed. Nobody could act beyond their class’s boundary or challenge the higher authority. In modern Korean society today, although the pyramid-styled social structure does not exist any more, the hierarchical structure is still functioning in every corner of Korean society; in their language, family life and even at the work place. In the family, a person’s status is determined by their roles, gender and age while the status of a person at the work place is based on the position and then followed by age, experience and education background. Most of the time, gender is also considered as an issue to determine a person’s promotion in the company.

The basic manner of being a subordinate and inferior is to be loyal and to obey the superior. Confucius believed that those who do not offend their superiors are never troublemakers. Confucius said: “A young man should serve his parents at home and be respectful to elders outside his home”. Educated by Confucian teaching, every Korean is expected to respect the old and the authorities wherever they are. In the family, the children must respect and be loyal to their parents; the younger must obey the elders. At the work place, this similar principle is applied. The bottom-up communication is consistently promoted in most Korean companies. A strong vertical and tall organizational structure is formed with the patriarchal leadership pattern.

Based on the vertical and tall organizational structure, the management decision-making process is highly centralized with the authority concentrated on senior levels. Inferior and junior levels are not given much freedom to make decisions on managerial matters. In many Korean companies, decision-making by the top is well accepted and common. In the early days, the centralized command and control model worked best in many Korean chaebols since it allowed effective execution of grand visions and large scale projects. Chaebol owners and top management were involved in minute details of management (Tariq Hussain, 2006). Because of this highly centralized structure, the decision-making process often takes too long a time to be completed. As the size of the company expands, management processes are getting more complicated and less efficient. Many global Korean companies realized the problem and some had carried out management reforms. More authority is given to the lower management level to speed up the decision-making process. However, the outcomes of the reforms have not reached the level as was planned. Until today, three quarters of top management time in many Korean companies is spent on control and operational issues (Tariq Hussain, 2006). In contrast, executives of leading global companies spend most of their time on
strategic issues such as brand building, capital allocation, and capability development, which are more essential and significant for the company's development.

Because of the typical hierarchical culture of many Korean companies, it is often difficult for individuals in the team to voice dissenting views with senior, authoritarian team members. This often results in a 'groupthink' environment that offers the safe perception of consensus, but often results in having insightful views from more junior members go unheard (Chirs Choe, 2002). The exchange of opinions and ideas as well as direct and open discussion among members of a management team during a meeting is less frequent, especially when the high level senior staff is present in the meeting. There are fewer criticisms or opposition coming from junior employees towards their superiors. In Korea, nobody wants to be the one to make the boss lose face (Robert Sutter, 2001).

Because of the greater hierarchical allocation of power, Korean employees follow with less questioning—they adjust their behavior to accommodate their superiors. In the morning, they strive to be in the office before the boss arrives as well as leave only after the boss has gone for the day (Robert Sutter, 2001). As a whole, subordinates just follow the command of the upper management. If they fail to do so, they can be considered as very rude and might receive invisible punishment from the upper level and their peers.

Importance of Family Ties and Blood-Based Succession

Family control in Korean corporate management is one of the essential characteristics in Korean corporate culture which is also influenced by Confucianism. High ranking positions are usually dominated by the owner's family members, especially the sons of the owner. In Confucianism, the eldest son is expected to inherit the family assets and succeed his father in taking over the responsibility for the family. Many Korean company owners have applied the same concept to their managerial succession, believing that ownership of a business must remain in the family.

One study found that in early 1980s, twenty-six percent of all large company presidents were founders, nineteen percent the sons of founders, twenty-one percent promoted from within, and thirty-five percent recruited from outside (F. Fukuyama, 1995). Family ties with important persons or leaders in the company guaranteed a better career development in the company and this phenomenon has happened in many Korean companies.

At present, most Korean chaebol managements are still controlled by the founders' family members; although sometimes the control is not always direct. The founder and his or her brothers, sons and daughters hold the core positions in the company. Since many Korean chaebols have been founded a few decades ago, the management powers have shifted to the second generation, and are now mostly the sons of the founders. For example, the chairman of Samsung Electronic today – Lee Kun Hee – is the son of Samsung's founder Lee Pyong Cho who founded Samsung in 1938. Lee Kun Hee also followed his father's footsteps by shifting power to his son gradually. Lee Jae Yong, 38, the only son of Lee Kun Hee, is expected to become a managing director in 2007 (Kim Yon Sei, 2006). Lee Jae-yong has effectively taken over the country's largest business group through the help of his father. He is now the largest shareholder of Samsung Everland, Korea's largest outdoor theme park, which is also the de-facto holding company of Samsung subsidiaries (Kim Yon Sei, 2006).

Hyundai Group, one of the biggest chaebols in Korea, is also mainly controlled by the founder's family members and power is centered on the sons of the founder. In recent years, the Hyundai Group is starting to put forward their management succession plans to the third generation. For example, Chung Eui-sun, 36, Kia Motors president and the only son of Hyundai-Kia Chairman Chung Mong-koo, will likely consolidate his position as CEO in Hyundai-Kia in the near future.

The LG Group is also famous for its strong family control in the company's management. The Ku family who founded LG is a typical traditional family which places high responsibility on the eldest son. For instance, Ku Cha Kyung – the eldest son of Ku In Hoe – succeeded his father as the
LG Group chairman in 1970 and led LG Group until 1995. Ku Cha Kyung also followed his father’s footsteps by passing down the power to his eldest son – Ku Bon Mu, who is holding the biggest control in the LG Group today as the group chairman.

Hanjung Group is one of the most respected logistics and transportation companies in Korea and it also practices the same principle in the matter of its company’s ownership succession. Joe Joong Hoon, who founded Hanjung in 1945, had trained his sons to be his company’s future leaders at a young age. For example, his son – Joe Yahng Hoh – started working in Korean Airlines in 1974 to gain experience in the logistics industry. He became Korean Air CEO in 1992 and was promoted to be the vice chairman of Hanjung Group in 1996. After seven years, Joe reached the top position as Hanjung Group chairman.

The Ssangyong Group also places great importance upon blood-based succession like the other chaebols. The founder of the Ssangyong Group – Kim Sung Kon – who died in 1975 at the age of 62, left his company to his 29-year-old son, Kim Suk Won. At that time, twenty nine years old was an extraordinarily young age for a business leader in Korea and most people doubted whether he would be able to handle the responsibility. However, blood ties matter more than capability and until today, most of the Korean companies’ owners still prefer to pass down their companies to their sons and family members regardless of their experience and ability.

According to the Korean Exchange in March 2007, more teenage heirs of chaebol families are becoming stock millionaires. The chaebol founder families try to secure management rights by shifting shares to their children as early as possible. Hanwha Group Chairman Kim Seung-young’s third son holds 1.25 million Hanwha shares which are worth 39.4 billion won. The 17-year-old chaebol heir is the wealthiest teenage stockholder in Korea currently (Kim Yon Sei, 2007).

Besides that, Kim Dong-kwan, 23, the first son of the Hanwha chairman, and second son Kim Dongwon, 21, hold 3.33 million shares and 1.25 million shares of Hanwha respectively, worth about 830 billion won and 310 billion won (Kim Yon Sei, 2007). Stock millionaires have also emerged in the LG Group. A grandson of LG Group Honorary Chairman Koo Cha-kyung holds 20 billion won worth of LG Corp shares. The 17-year-old received stock from his father Koo Bon-sik, a son of the honorary chairman and CEO of Heesung Electronics. All of these stock donations to the fourth generation are aimed at helping heirs secure management rights earlier and to evade higher inheritance taxes. Table 1 gives a brief picture of family control in Korean chaebol management.

The study proves that family ties are a key factor in Korean companies’ managerial succession. Although the performance-based system and western management styles have been introduced in Korean companies, the concept of blood ties is still deep-rooted in the Korean mind. The traditional Confucian thought about family and social relations is not easily eradicated from Korean culture, even in the globalization era of today. For Koreans, the level of trust in family members is always stronger than in outsiders. When more family members are recruited for core positions in a company, an inner circle is created and the circle is getting bigger as time pass. They hold the power source and have considerable influence on the rest of the organization. Outsiders often face difficulties to break the circle and have little chance of reaching the top.

The absolute power held by the core family members in the company sometimes creates management inefficiencies. Often, the president of the company misuses power for his own personal gain regardless of company benefits. For instance, Chung Mong-Koo, the chairman of Hyundai-Kia Motor, is alleged to have made illegal share transfers to his son to enable his family to maintain management control. He was also charged with embezzlement and breach of trust in April 2007. This malpractice by the group could be a continuous heavy burden on the company and impede the government’s efforts in carrying out corporate reforms. The problems of power abuse do not only happen in the Hyundai Group but also happen in other Korean chaebols.
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<td><strong>Samsung Group</strong></td>
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<td>Lee Pyong Chol</td>
<td>Founder</td>
<td>Ex-Samsung Group Chairman</td>
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<td>Lee Kun Hee</td>
<td>Son</td>
<td>Ex-Vice chairman of Samsung Group (1987-1998)</td>
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<td>Chairman of Samsung Electronic (1998-present)</td>
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<td>Lee Myung Hee</td>
<td>Daughter</td>
<td>Chairman of ShinSei Gei Group (1998-present)</td>
<td>Shin Sei Gei is under Samsung Group</td>
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<td><strong>Hyundai Group</strong></td>
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<td>Chung Ju Yong</td>
<td>Founder</td>
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<td>Chung Mong Ku</td>
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<td>Chung Mong Keun</td>
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<td>Chairman of Hyundai Department Store (2000-2006)</td>
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<td>Hyung Jong In</td>
<td>Daughter-in-law</td>
<td>Chairman of Hyundai Group (2003-present)</td>
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<td><strong>Lucky Goldstar (LG)</strong></td>
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<td>Ku In Hoe</td>
<td>Founder</td>
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<tr>
<td>Ku Bon Mu</td>
<td>Eldest Grandson</td>
<td>Chairman of LG Group (present)</td>
<td>Eldest son of Ku Cha Kyung</td>
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<td>Ku Bon Jung</td>
<td>Grandson</td>
<td>Ex-vice chairman of LG-Philips LCD</td>
<td>Second son of Ku Cha Kyung</td>
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<td>Vice chairman of LG Trading (present)</td>
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<td><strong>Ssangyong Group</strong></td>
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<td>Kim Suk Won</td>
<td>Son</td>
<td>Ex-Ssangyong Group Chairman (1975-1995)</td>
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Source: [http://people.naver.com, June 2007](http://people.naver.com)
Gender Inequality

In traditional Korean society, women were largely confined to the home. From a young age, women were required to learn the Confucian virtues of subordination and endurance to prepare for their future roles as wife and mother, while being denied any opportunity to participate in activities outside the home. Their role was limited to the management of the large extended family and the producing of a male heir so that the family line could be continued. Career development for a woman was overlooked as their main task in life was merely to serve men. One classic Confucian adage states that “It is a virtue if a woman has no ability.” Women should pursue being a wise wife and good mother, but not as a capable working woman outside. The task of earning income for the family is the duty of the husband; a woman should just stay at home to look after household matters and take care of the children’s education. This aspect of Confucian teaching is still deep-rooted in many Korean minds, especially among the old generation. Women are expected to sacrifice their career for the needs of their family, especially after getting married and having children.

In the globalization era of today, Korean women’s status in Korean society is still restrained by the old values. Talented women may achieve some success in the corporate world but the level is limited. Women are usually relegated to subservient positions such as secretaries and doing general administrative work. Confucius said: “Girls and inferior men are hard to raise. If you get familiar with them, they lose their humility; if you are distant, they resent it.” Due to the strong influence of this old thinking, women employees often face discrimination in companies. High ranking positions in Korean organizations are usually dominated by men as they are treated as more capable and trustworthy to be the leaders in companies. This can be proved by the small number of women CEOs in Korea. Promotions and rewards are given with priority to male employees instead of women.

Many Korean women with high levels of education and talent are frustrated in their attempts to find challenging positions in companies. When they are young and single, discrimination is lesser but when they get married the situation is changed. Married women in Korea found more difficulties in reaching a high level job in the corporate world. Many male managers in Korea are reluctant to recruit them. Their reasons are that married women frequently ask for leave, poor working performance and lack of concentration for work due to their multiple roles as a mother and a working woman. Married women are also less committed and more costly compared to male employees who can fully concentrate on work and do not have pregnancy and childcare leave. Many working Korean women also found that it was hard for them to be a good mother and an outstanding employee in their company at the same time. Often, family matters are more important to women than work. As a result, many women have to sacrifice their careers for the needs of their children and husband. The concept of “woman should place first priority on family responsibility” which is emphasized in Confucian teaching is hard to be dismissed from Korean thinking. This has caused gender inequality in Korean management culture and it may take a long time to change. Overall, women also received lower salaries compared to their male colleagues. Below are the statistics by the Ministry of Labor, ROK:

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
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<tbody>
<tr>
<td>Wage gap (times)</td>
<td>1.60</td>
<td>1.57</td>
<td>1.57</td>
<td>1.60</td>
<td>1.60</td>
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Note: Calculation method (based on work places with five regular workers or more): Male/female
Source: Ministry of Labor, ROK
Collectivism

Due to the influence of Confucianism, Korean people value achieving group interest more than individual interest. On average, their degree of collectivist tendencies is higher than that of those in individualist societies. They always act for group benefit and limit the pursuit of self-interest. The objective is to create a harmonious society which at the end will benefit everyone.

In a collectivist society, members of a group are loyal to one another and value harmony and cohesion among members of their group. When the financial crisis hit Korea in 1997, group-oriented Koreans demonstrated a remarkable sense of unity and willingness to endure financial hardship to promote an early recovery of the Korean economy. The campaign of gold collection organized by the government was successfully raised with the full support of its people. Without strong collectivism, definitely this campaign would not have had such a remarkable success.

The sense of loyalty to a group is also entrenched in the Korean corporate culture. Koreans are famous for their strong team spirit wherever they work. They always work as a team and any individualistic intentions are seen as selfish and unacceptable. Individual freedom is repressed in order to achieve group interest. The company's purposes and the group's benefits are given first priority for whatever work they do. Therefore, long working hours without extra compensation is acceptable for many Koreans. The conduct of sacrificing individual benefits for the company is respected and is often considered deservedly in many Korean companies.

Group harmony is emphasized in many Korean companies as the result of collectivism. For achieving the harmonious relations within a group, superiors and subordinates, and colleagues meet frequently after work to release tension accumulated in their work. Emotional community is built through the activities of singing, eating, drinking and visiting homes. This is considered as one part of the job. Koreans try to share time, even sacrificing their personal time with family, and if they do not have time, they express from their heart their intention to have enjoyable time with others (Yung-Ho Cho, Jeong koo Yoon, 2007). A person is considered uncooperative and individualistic if he refuses to join the group activities. It could affect his future in the company as interpersonal relations are often more important than rules in a collectivist society. This is unlike individualistic societies which tend to value a rule of law and rule-based social interactions.

For many decades, promoting collectivist culture was one of the essential management tools in many Korean companies. In the example of Samsung Electronics, the company implemented a team-focused campaign entitled “My machine, my area, my job” several years ago, which involved setting team-level performance goals for major groups across the organization, while at the same time defining more detailed individual responsibilities and roles that would directly contribute to the achievement of team-level objectives (Chirs Choe, 2002). The program has dramatically improved the sense of ownership and motivation among individuals, while maintaining a clear sense of team mission and empowerment. The company saw a 30 percent increase in productivity and a 500 percent increase in production quality over the following year (Chris Choe, 2002). Emphasizing team work spirit has proven to be the effective tool in many companies to enhance management efficiencies and productivity.

Conclusion

The traditional Confucian values left their strong influences on Korean corporate culture although it is facing challenges from the new culture of the West. The paternalistic leadership pattern, hierarchical structure, blood-based succession, gender inequality and collectivism are the main features that resulted from Confucian influences. The Five Relations and three bonds (samgang) that are stressed in Confucian teaching are the determining factors of Korean work practice and management styles. Hierarchical relations between superior and subordinate, employer and employee,
senior and junior were determined by the principle of filial piety, brotherliness and parental affection. The five virtues of benevolence, righteousness, propriety, knowledge and sincerity are the basic ethic-codes in addition to the three bonds. Many Koreans live by abiding to the ethic code; if they fail to do so they may receive a severe punishment from society.

Many Korean companies have realized the weaknesses of the Korean management system that puts emphasis on hierarchical structure and collectivism. The process of modernization in Korean corporate culture has been speeded up since the financial crisis hit Korea badly in 1997. Western management styles were introduced into human resource management by implementing the performance-based system instead of the seniority-based system. There is a growing number of Korean managers receiving their MBA degrees from the USA, especially the sons or successors of chaebol founders. After returning to their home country, they apply the knowledge they have learned by introducing new concepts and new systems. The new management styles have made Korean corporate culture more individually motivated, less seniority-based and less authoritarian. However, when we look at the whole picture, we continue to witness the considerable influence of Confucian values on the Korean consciousness.

From the modern management perspective, one may criticize traditional Confucian values as adverse and discriminatory, seen not only in the hierarchical order but also through the repression of individual freedom when dealing with inter-personal relations at the work place. The loyalty and obedience of a subject to one's sovereign may be regarded as undemocratic, similar to the distinction between male and female employees. The authoritarian leadership style and seniority system are also often criticized as the weaknesses of Korean corporate culture because they slow down the advancement of Korean businesses and its economy. Thus, efforts in transforming Korean corporate culture into a competitive one are currently ongoing. It may take a long time to eradicate traditional Confucian values from the Korean corporate culture as Korea is a very old Confucian society. Particularly, collectivism, hierarchical order and family-based succession are not easy to eliminate as they are deeply-rooted in Korean culture. It is undeniable that there are some good traditional values to be preserved such as team spirit and people-oriented management. Virtues of benevolence and righteousness are also good to be promoted as they harmonize inter-personal relations and built a family-like work environment. By maintaining the good ones while bringing in new concepts and systems, certainly a better corporate culture will be developed and continue to grow in strength for Korean companies.

References

Webster’s Third New International Dictionary, 1986. p. 830