

STELLANTIS

SAMSUNG
SAMSUNG SDI



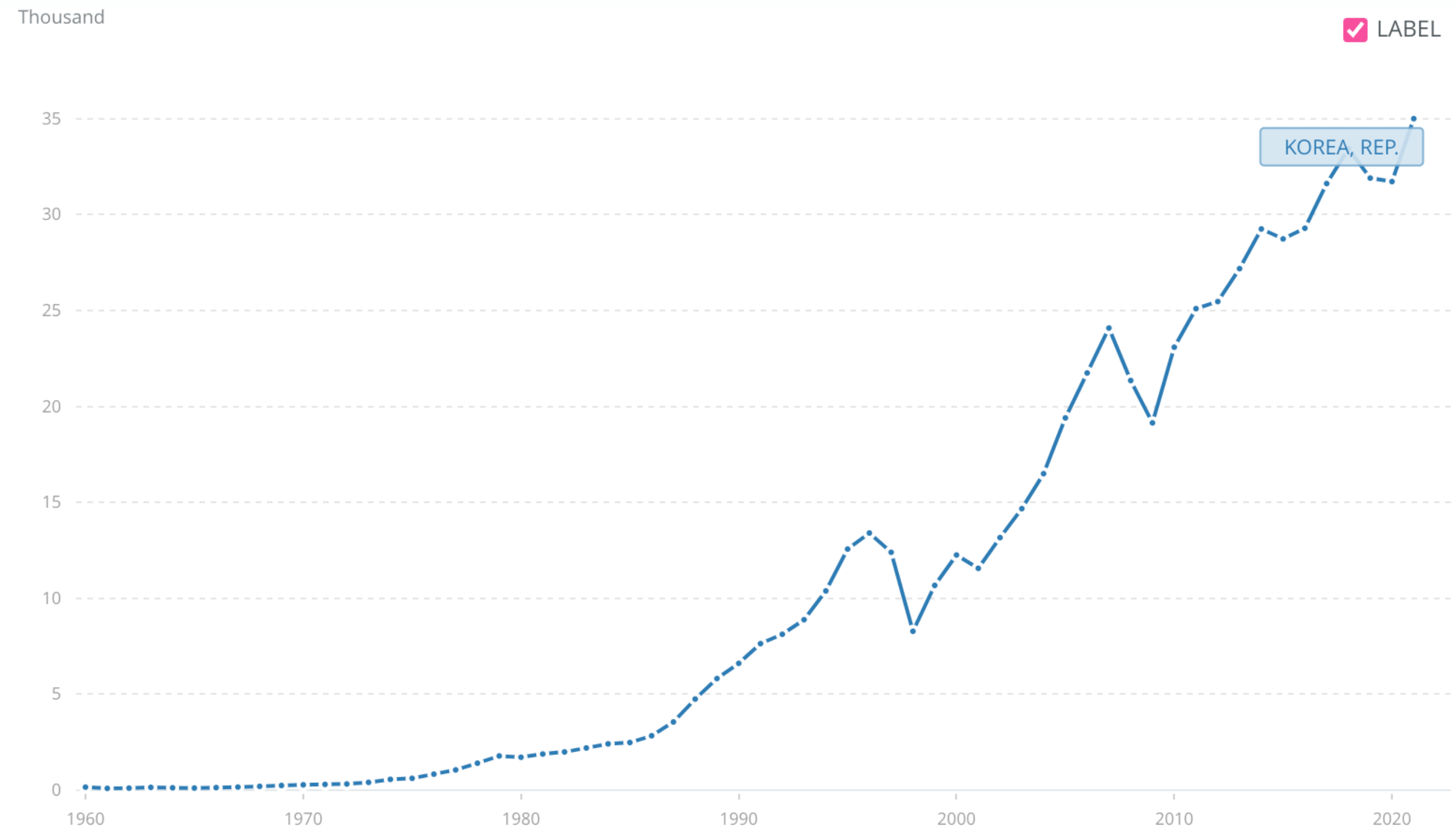
Intercultural Understanding & Communication: South Korean Corporate Culture in the 21st Century

Seung-kyung Kim - Indiana University Bloomington

The Miracle on the Han River

Growth in South Korea's GNP per capita:

- Post Korean War (1953): \$67
- Present day (2021): \$35,110



War Torn South Korea



Source: odakorea.go.kr

21st Century South Korea



Source: culturetrip.com

From an Aid Recipient to an Aid Donor

- In the 1950s, South Korea was dependent on foreign aid for reconstruction as well for food, fuel, clothing, and medical supplies.
- It also needed military support from the United States.



Food aid from the U.S. arriving in the port of Busan in 1957 Source: odakorea.go.kr

From an Aid Recipient to an Aid Donor

- In 1996, South Korea joined the OECD
- In 2010 it became a member of the OECD Development Assistance Committee (OECD-DAC).
 - South Korea's entry into OECD-DAC marked the first time a former aid recipient entered the ranks of the OECD-DAC.
 - As of 2021, South Korea is the 16th largest donor among the 31 OECD-DAC member countries.



Source: odakorea.go.kr

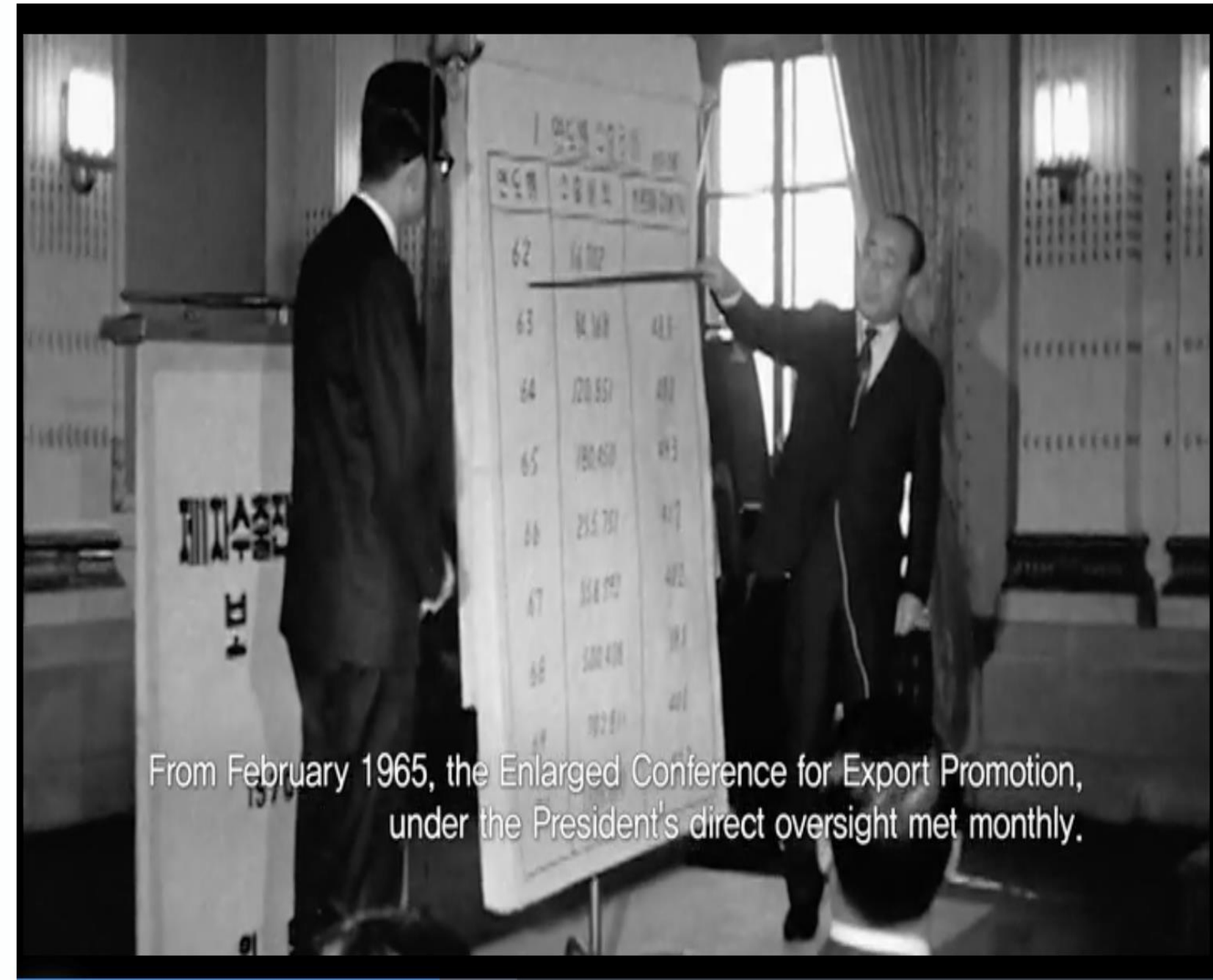
The Miracle on the Han River

- Key Factors in South Korea's Rapid Economic Growth:
 - Government leadership
 - Government-corporate collaboration
 - Educated Citizens



The Miracle on the Han River: The Role of Government

- Substantial state intervention in the economy by the Economic Planning Board
 - Determined key industries
 - Set economic targets and goals
 - Imposed performance standards
 - Provided state support through tax-breaks, subsidies, and preferential loans



The Miracle on the Han River: The Role of Government

- Park Chung Hee's five-year plans based on export-led industrialization
 - Very specific and targeted plans for economic growth
- The government's goal of economic growth intruded on all aspects of social and political life:
 - Business
 - Politics and security
 - Education
 - Family Planning and population control



The Miracle on the Han River: The Role of Corporations

- Corporations were key players in state-led economic industrialization
- Corporations had to meet economic targets and compete in the marketplace
- 1961: formation of Economic Reconstruction Committee



The Miracle on the Han River: The Role of Corporations

- Strong partnership between the government and specific corporations
- "...the most important factor starts from effective leadership on how to mobilize limited resources in an efficient manner to enhance competitiveness... The early founders of Korean companies displayed **spectacular vision and decision-making to lead their companies.**" (Moon, 2016).
- "Korea's export performance...attests to the speed at which **Korean firms** have acquired increasingly more diverse and more sophisticated industrial capabilities. They quickly established a position among the world's most competitive suppliers of many skill and technology intensive products" (Westphal, 1990).

The Miracle on the Han River: Export-led Industrialization

- Industrialization began with light/simple manufacturing where cheap labor was South Korea's only comparative advantage
 - Wigs
 - Textiles
 - Clothing
 - Plywood



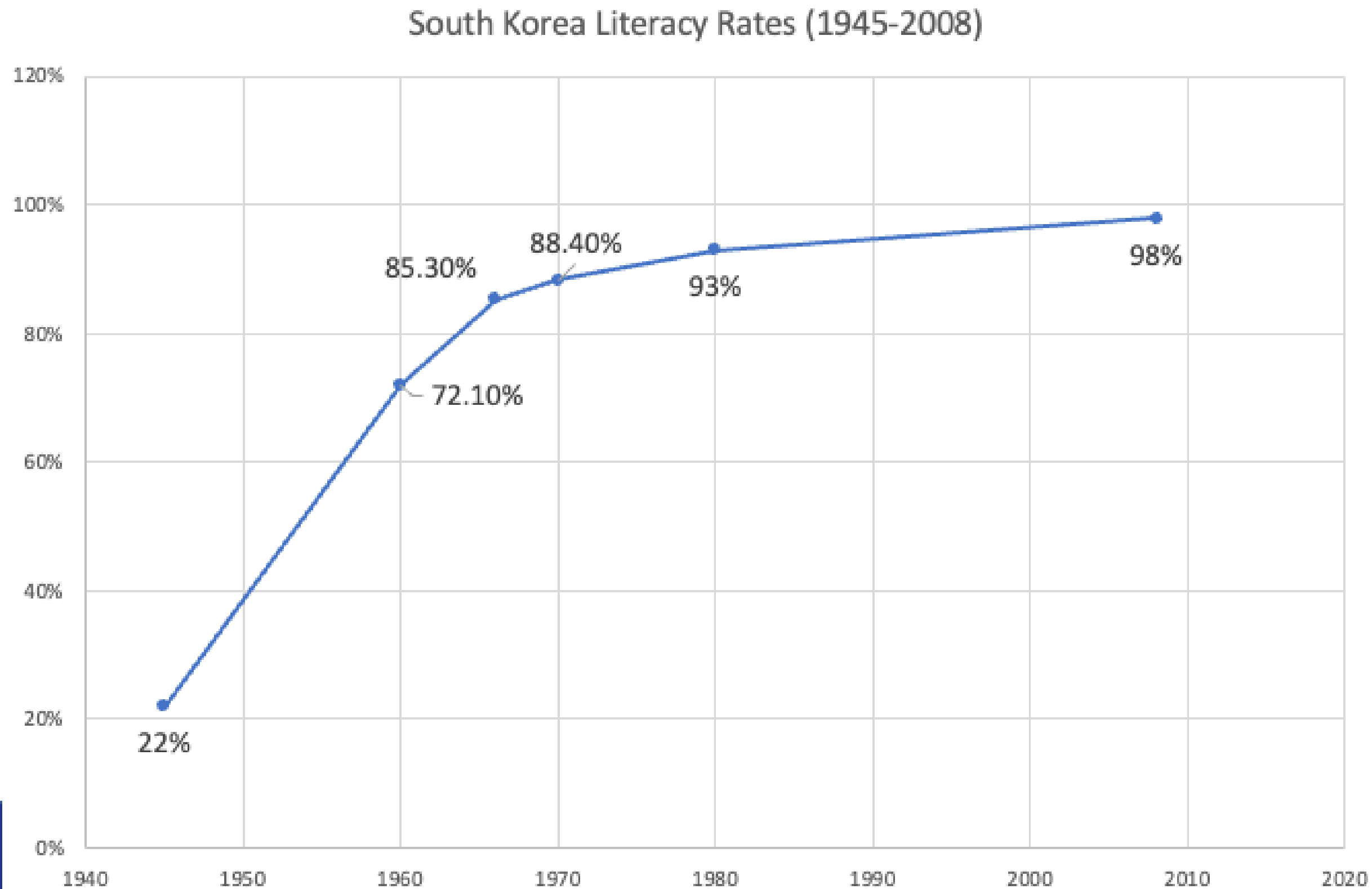
The Miracle on the Han River: The Role of Large Corporations(Chaebol)

- From the 1970s South Korea moved into more advanced industries
 - Steel & iron
 - Fertilizers
 - Shipbuilding
 - Automobiles
 - Chemicals
 - Electronics



The Miracle on the Han River: Human Capital

- An educated workforce was an essential component of South Korea's economic success



Source: Pyo 2011;
World Bank

South Korea's Economy Today

- 10th largest economy in the world
- 4th largest economy in Asia
- Key industries
 - Consumer and computer electronics
 - Semiconductors (world's largest producer)
- Large corporations continue to play a leading role in South Korea's economy
 - Major bilateral and multilateral initiatives and collaborations, such as Stellantis-Samsung SDI



Korean Corporate Culture

- Diligence and hard work
- Collective focus
- Hierarchy
- Communication



Korean Corporate Culture

- Diligence and Hard Work
 - South Korea's economic rise is attributed to workers' commitment and hard work ("hurry hurry" (ppalli ppalli) culture).
 - Employees have a strong sense of responsibility.
 - Employees have been expected to work long hours of overtime.
- Collective focus
 - There is an emphasis on the group over the individual.
 - The word for "we" is often used when an English speaker would use "I."

Korean Corporate Culture

- Hierarchy
 - It is important to show respect to elders and superiors.
 - Once a goal is set by superiors, everyone aligns and works to achieve the goal.
 - Centralized decision-making causes things to happen quickly.
- Communication
 - Subordinates are expected to pay attention to context and understand the meaning behind the direct communications.
 - Disagreements should be expressed in a one-on-one setting rather than in front of the whole group.
 - You should not make your boss look bad.

Changing Korean Corporate Culture

- As Millennials and Gen-Zs enter the workforce, their presence is leading to changes in corporate culture.
 - More attention to work-life balance
 - Less willing to engage in overwork/long work hours
- The impact of COVID
 - Increase in remote and tele-work
- Companies are also experimenting with less hierarchy in their organizational structure.

Potential Surprises from Korean Corporate Culture

- Friendly conversations may include questions that Americans would consider personal, such as your age, whether you're married, how many children you have, etc.
- After-work events, such as dinner and drinks, are valued as ways for employees to form close relationships and network with one another.
- It may seem like work-life boundary is unclear.

A Brief History of Samsung

- 1938- Lee Byung-chul founded Samsung as a trading company in Daegu
- 1947- relocated its head office in Seoul
- 1950s – diversified into textiles, sugar production and a range of other businesses
- 1960s -- Samsung Group entered the electronics industry
- 1970s--Samsung Electronics produced TVs, refrigerators, and air conditioners & Samsung Heavy Industries became one of the world's largest shipbuilders
- 1980s—continued diversification and expansion. Established factories in Germany, Portugal, England and the United States.
- 1987 –Lee Byung-chul passed away and his son, Lee Kun-hee assumed control of Samsung.
- 1990s --Samsung became a world leader in production of computer chips and sought to become the world's largest manufacturer of consumer electronics.
- 2000s-- Samsung and its subsidiaries and affiliates continued to expand, and it became the world's largest manufacturer of mobile phones.
- Lee Jae-yong became executive chairman of Samsung Electronics in October 2022

Changing Korean Corporate Culture

- Lee Jae Yong, Samsung's CEO, recently called for changes in how employees address their superiors.
 - "Don't call me 'Hoejangnim.' You can call me by my English name "Jay," my initials, "JY," or simply "Jae Yong-nim."



Ten South Korean
Corporations with
the Best
Organizational
Culture Reputation

- SK telecom
- Samsung Electronics
- SK Hynix
- LG Electronics
- Hyundai Automobile
- LG Chemical
- S Oil
- LG Energy Solution
- **Samsung SDI**
- CheilJedang

• (Survey by Business Platform Remember 2022)

Yoonho Choi (CEO of SDI) since March 2022

- Management policy emphasizes “technology, quality, profitability”
- Focus on improving product technology rather than market share
- Recent quotes:
 - “Communication is the cornerstone for the change and value creation and active listening is the starting point.”
 - “Communication without sincerity is no use.”

Samsung SDI employee, Seo Hojin, vlogs about his daily routine in Hungary

- 1) Aerial View of the Campus
- 2) 7:30 Start of the Workday
- 3) Shuttle Bus on Campus
- 4) Company Cafeteria
- 5) Office Layout
- 6) 10:25 PM The Workday Ends

Aerial View of the Campus



Start of the Work Day



Shuttle Bus on Campus



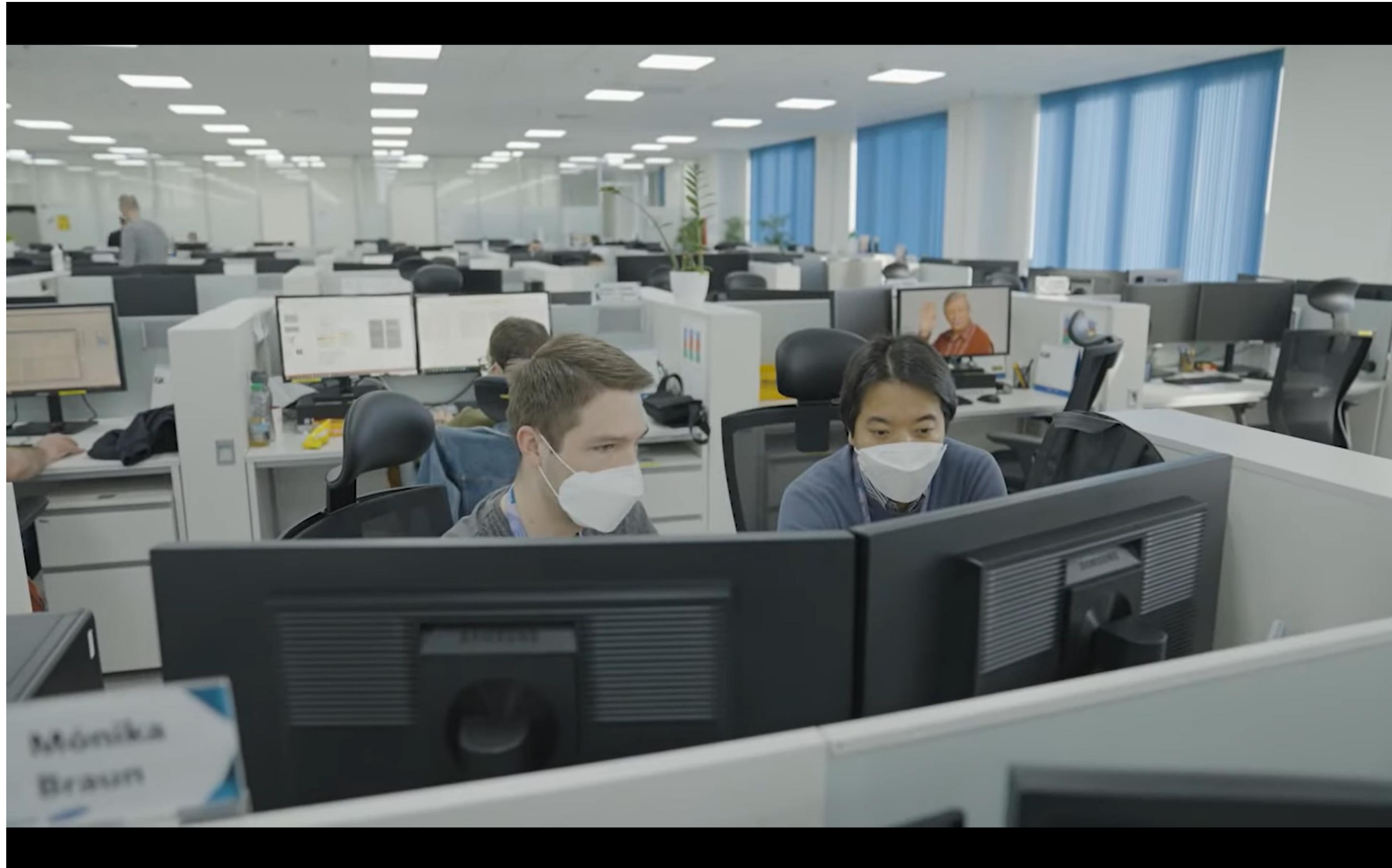
사내 셔틀버스

Company Cafeteria



Army Stew
부대찌개

Office Layout



10:25 PM The Workday Ends

