

Korean Style Management

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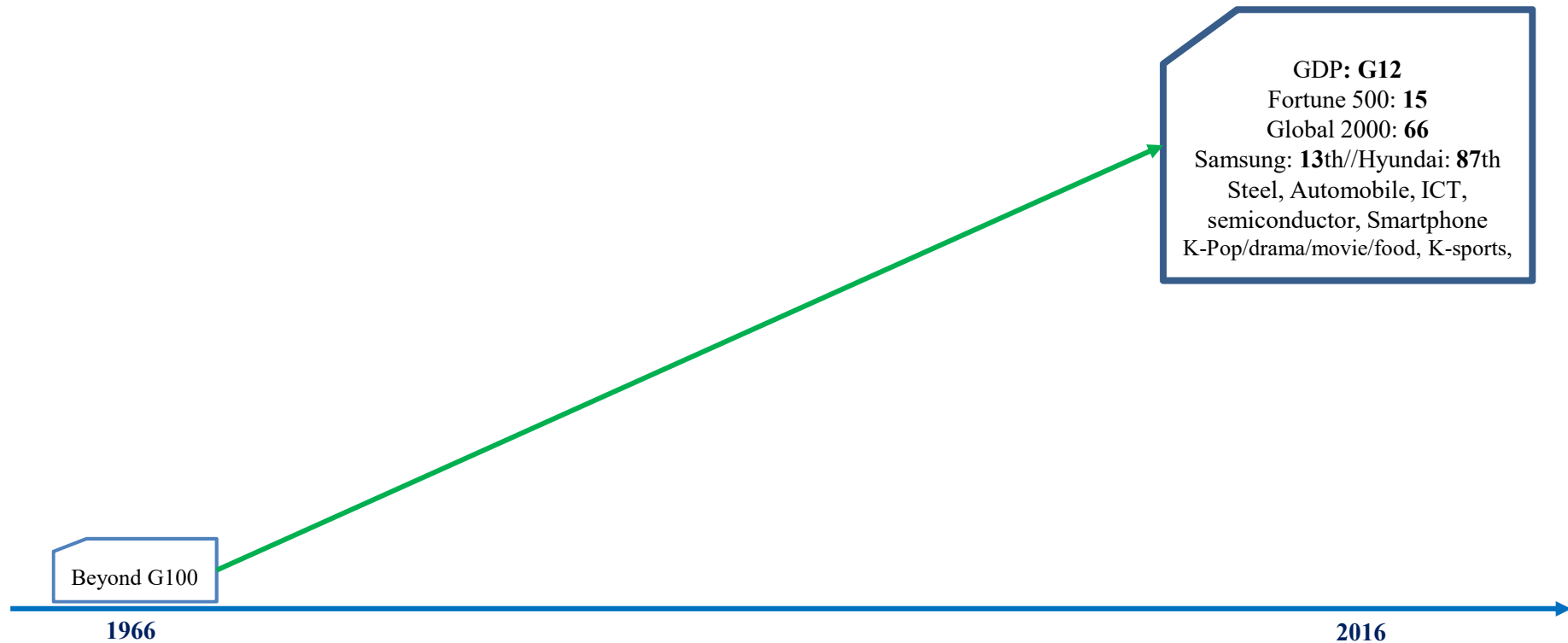
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References:

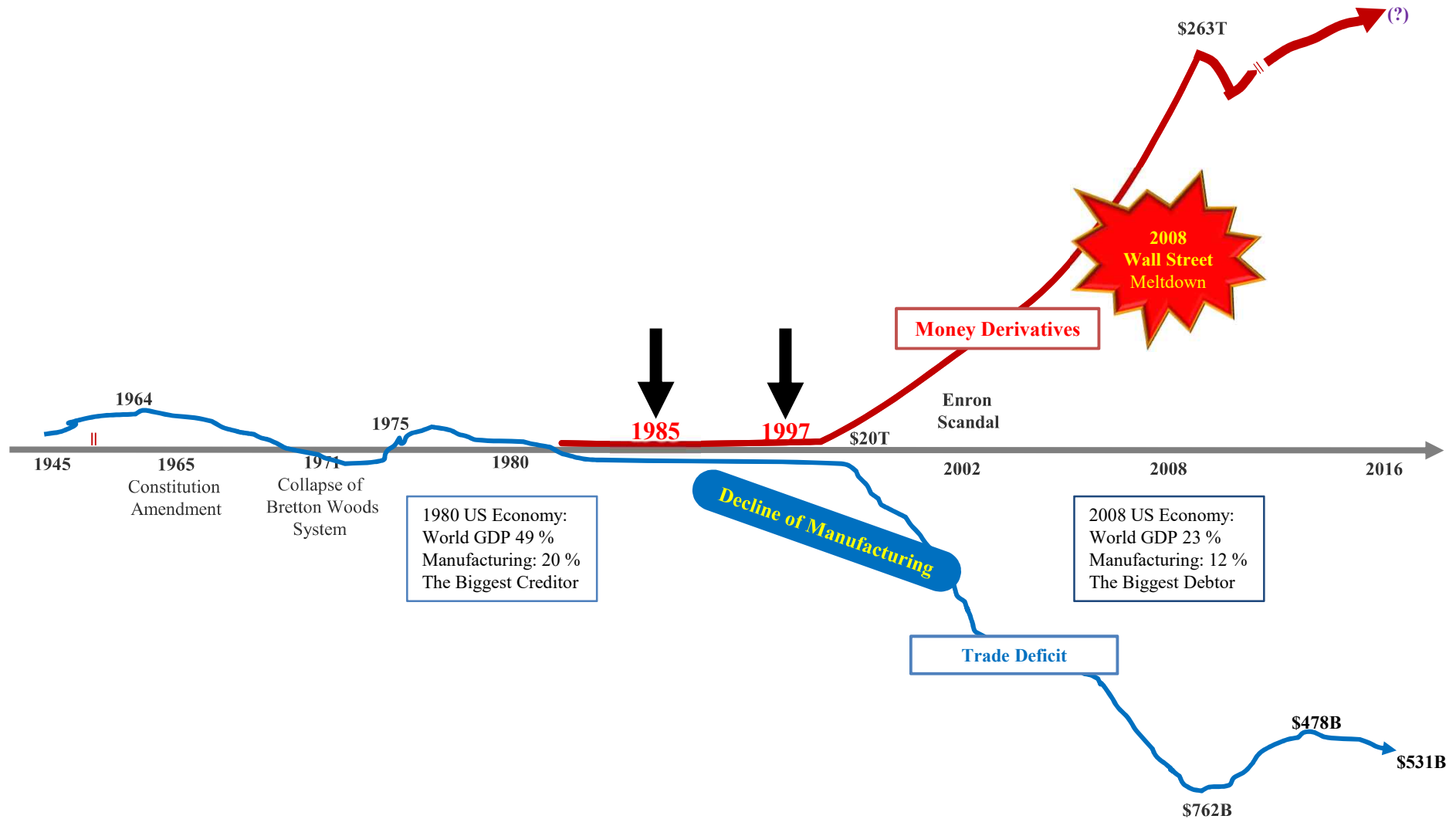
- Kim I.H.S. 2016. Dynamic Management View: Logic of Profit Seeking based on the Adaptation to Technological Change and Needs Evolution through Needs-focused Innovation, *Technology Analysis & Strategic Management* (SSCI, forthcoming).
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Korea Economy Upheaval accomplished by Korean Conglomerate *Chaebol Structure*
During the last 5 decades (1966-2016), while World/US economy have been evolving,

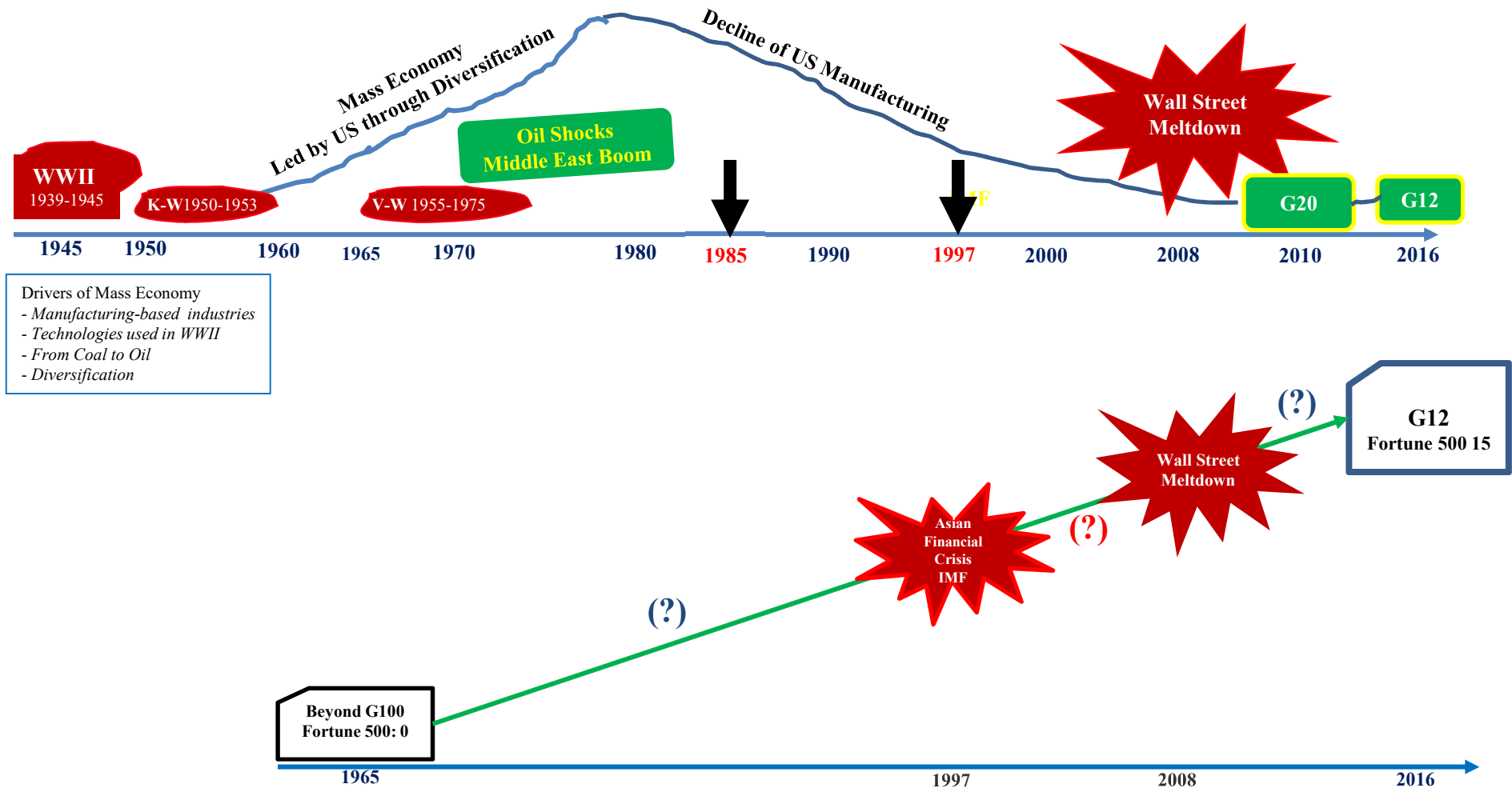


Overview of World/US economy in the last 5 decades (1966-2016)

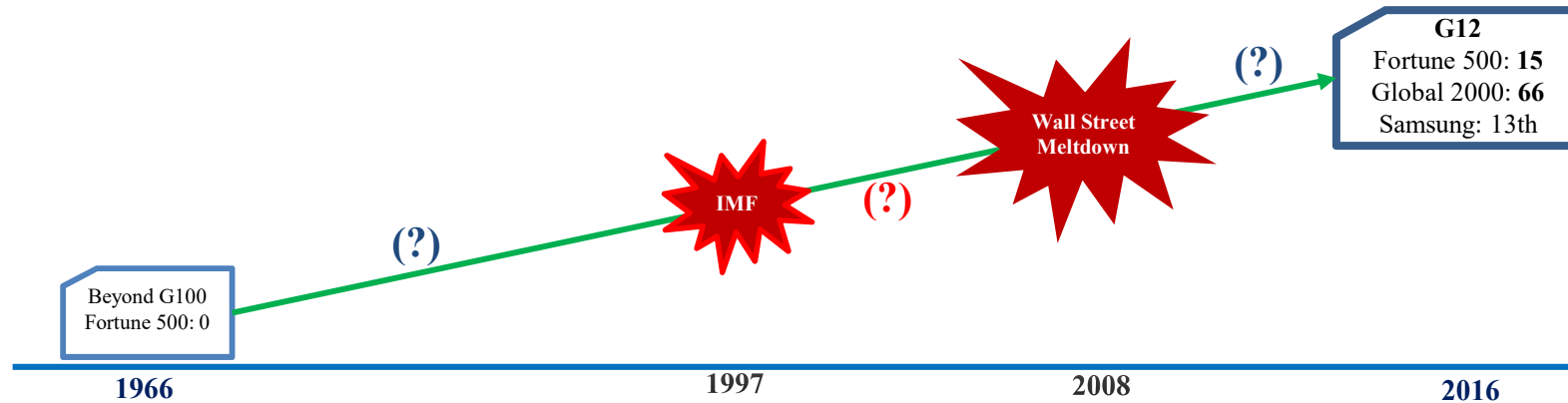
*US Economy has been turning from the biggest creditor to the biggest debtor since **1985**
due to Decline of Manufacturing and Uprising of Money Derivatives especially since **1997**.
Eventually Wall Street meltdown broke out and gave rise to Global Economic Crisis that keeps still going on*



US/World Economy Trend and the Korea Economy Upheaval (1966-66)



There are remarkable three Facts in the Trajectory of Korea Economy



Fact 1: Korea economy has made a rapid growth by *Chaebol Structure* before 1997 Asian financial crisis.

Fact 2: Just after 1997 Asian Financial crisis, 13 *Chaebol Structure* among 30 have become bankrupt.

Fact 3: The surviving *Chaebol structure* have led Korea to G12 in 2016 even in the global economic crisis due to Wall Street meltdown 2008.



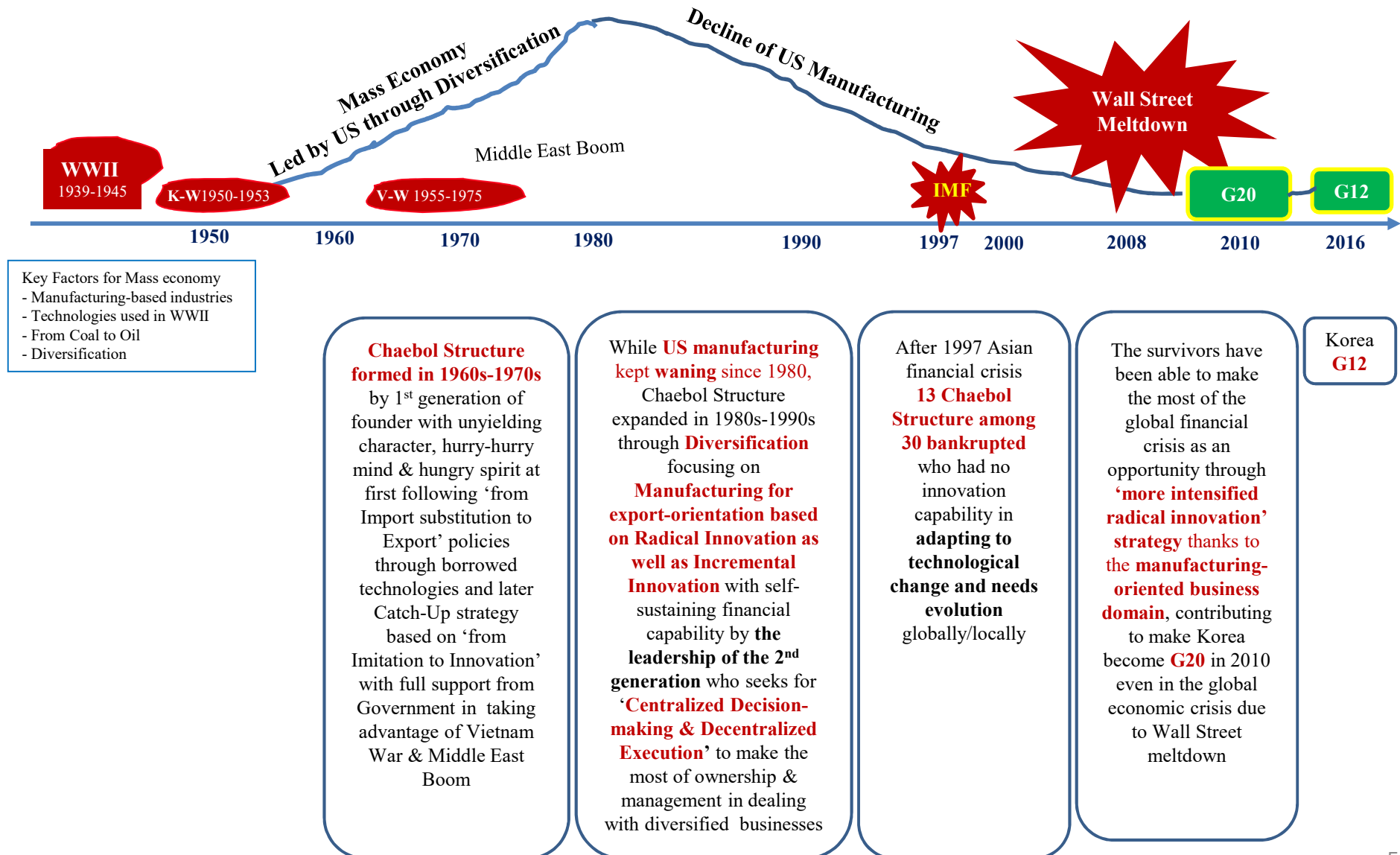
How to explain these facts in a common manner



Dynamic Management View: Logic of adaptation to technological change and needs evolution through needs-focused innovation

Dynamic Management View:

Logic of Profit Seeking based on the Adaptation to Technological Change and Needs Evolution through Needs-focused Innovation



What is Korean Style Management

Management Style formed by the Korean conglomerate *Chaebol Structure* who have led the Korean Economic Upheaval during the last 5 decades (1965-2015) through **Dynamic Management View** as the logic of profit seeking based on '**Harmony of Ownership and Management**' as Korean corporate governance.

Dynamic Management View

Dynamic Management View: The Logic of Profit Seeking based on the Adaptation to Technological Change and Needs Evolution through Needs-Focused Innovation

Korean Corporate Governance

Korean specific Corporate Governance was initiated and formed by self-made CEOs of the Korean Conglomerate, **Chaebol Structure** in 1960s-1970s to accomplish **Export-driven industrialization policy** with the **Government support** during the burgeoning of the world **mass economy age** since WWII ended.

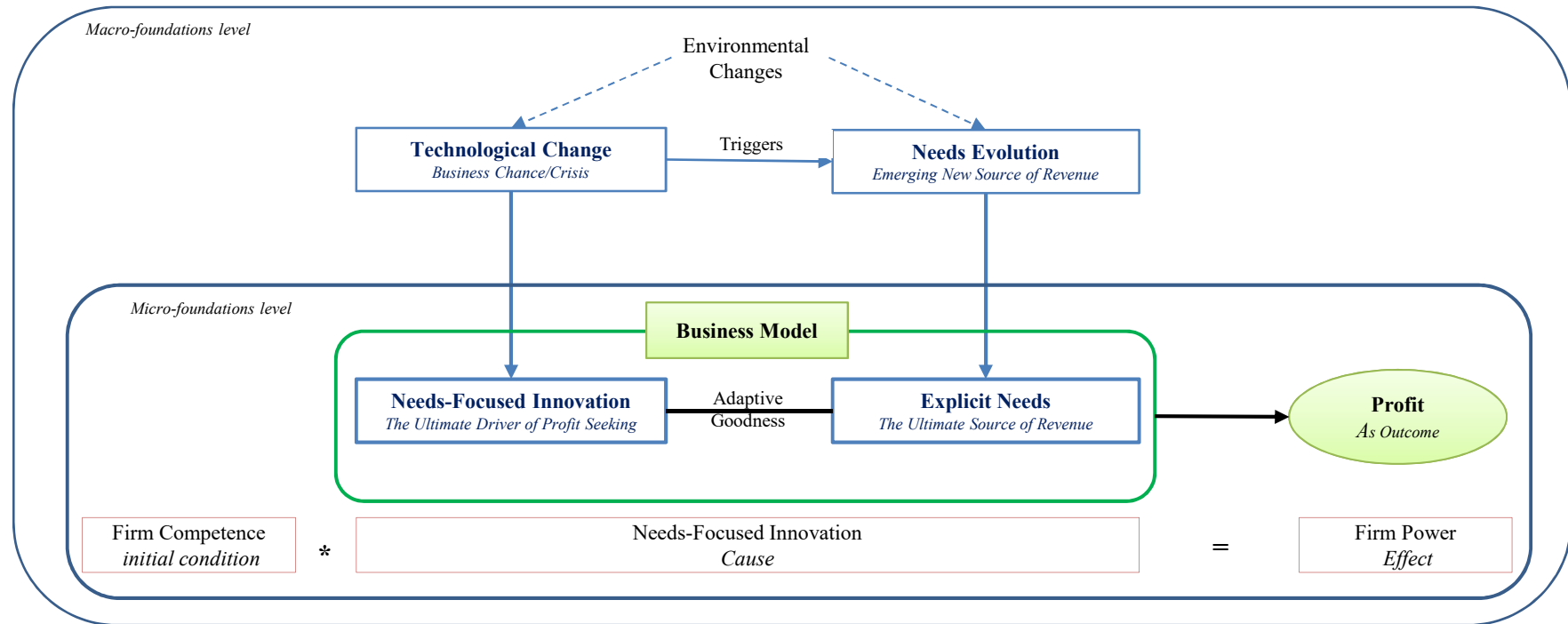
At government level: **Decision making** by Strong Leader **Park Chung-Hee** (born 1917), President of ROK and **Execution** by **self-made CEOs**

At Chaebol Group level: **Decision making** by Self-made CEOs: **Lee Byung-Chul** (born 1910) founder of Samsung; **Chung Joo-Young** (born 1912) of Hyundai; **Goo In-Hyae** of LG; **Park Tae-Joon** of POSCO (military-CEO)
Execution by **professional managers** educated in US and field-oriented engineers accustomed to Japanese style management

Similarities and Differences between Korean Style Management and the Existent Ones

Korean Style Management		The Existent Ones
Profit Seeking together with Value Creation	Purpose of the Firm	Value Creation and Profit Seeking Used interchangeably
Adaptive Goodness <i>an absolute indicator in adapting to technological change and needs evolution through needs-focused innovation works as the determinant of profit</i>	Evaluator of Profit Seeking/Firm Performance	Competitive Advantage <i>a relative indicator by comparing with the competitor(s) works as a mediating variable just taking profit seeking as black box</i>
Needs-Focused Innovation	Driver of Profit Seeking	Innovation
Explicit Needs with WTP as well as Purchasing Power	Source of Revenue/Profit	Actual Needs with Purchasing Power
Centralized Decision-Making by Owner & Decentralized Execution by Professional Manager	Decision-Making and Execution	Top-Down Planning & Bottom-Up Execution
Harmony of Ownership and Management	Corporate Governance	Separation of Ownership and Management

Dynamic Management View



Dynamic Management View: Logic of Profit Seeking based on the Adaptation to Technological Change and Needs Evolution through Needs-focused Innovation, *Technology Analysis and Strategic Management* (SSCI) (accepted)