

Main Business Culture Aspects

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Background To Business in South Korea

Korea is probably more heavily influenced by Confucian values than any other business culture (including China). Confucian ethics permeate all aspects of working life, from management systems to interpersonal relations and although both Western and Japanese influences are becoming stronger, there is a deep well of conservatism within Korean society which makes change difficult, slow and somewhat painful.

Confucian ethics emphasise the value of collective group harmony, respect for authority (and therefore management), as well as the all embracing importance of family, clan and friendship. Thus, as in countries like Japan and China, the quality of the relationships developed are the real key to business success at both a personal and a corporate level. A Korean saying highlights the all-important nature of networking and relationships - 'make a friend first and a client second.' The key to creating good relationships lies in one's ability to play the Confucian game. It is important to appear to be an honourable, trustworthy and respectable person.

The economic downturn experienced in South Korea during the Asian currency crisis (as well as many other Asian countries) precipitated a period of great introspection which has in many traditional beliefs and approaches being challenged both internally and externally.

Thus, South Korea is a business culture at a significant crossroads with a great need to find an accommodation between traditional values and modern management practice.

South Korea Business Structures

Korean companies have traditionally been characterised by a high degree of both centralisation and vertical hierarchy. Most large chaebols (large business conglomerates) have been family affairs with the founder's family continuing to exert a great deal of direct executive authority. This has led to a system where most decisions are executed at the top and delegated downwards along strong lines of authority.

Basic Confucian tenets of respect for age, seniority and family have ensured an adherence to and acceptance of this system. The introduction of modern, western management theories (often introduced by American educated Koreans) will obviously add new tensions to this approach and the recent economic problems have added impetus to the calls for reform of Korean company structures and dependencies.

As well as the formal hierarchy which often stresses specialisation of function and task, those dealing with Korean companies would do well to try to gain some insight into the informal structures which are often the real internal power mechanisms. These informal structures are usually dependent upon a complex web of personal relationships and loyalties and can be difficult to see or understand without the help of a local 'guide'.to inward investment.

South Korea Management Style

Managers expect that their instructions will be obeyed and this expectation of obedience is usually fulfilled. Confucianism stresses obedience and loyalty and this manifests itself strongly in the manager/subordinate relationship. It is useful to think of the manager as

a father who, in return for loyalty, respect and obedience, gives the subordinate support and help at all times.

Although leadership is hierarchical and paternalistic, it is also infused with the Korean concept of *inwha*, which emphasises the harmony necessary between people of equal rank and standing. Thus, it is important that group situations are characterised by lack of confrontation and blame. The good manager spends a great deal of time and effort ensuring that his team has a good working relationship and that all members feel fully integrated.

The Koreans also employ a process of consensus decision-making in certain situations, which is similar to the system of *nemawashi* found in Japan. This system ensures that the group feels involved in the decision, whilst ensuring that the manager can still maintain an influence over the outcome.

Managers are expected to take a holistic interest in their subordinates and this necessitates greater involvement in much more personal areas of life than would be expected in Anglo-Saxon countries, where work and private are very strongly separated.

South Korea Meetings

First meetings can often be completely dominated by the need to start the relationship-building process. Therefore, very little might be discussed which relates to the actual business in hand, with most time being spent exchanging pleasantries, discussing travel and other such seeming trivia. It is important not to show impatience or irritation at this stage. Rather view the meeting for what it is - the essential first steps in creating a, hopefully, rewarding and long-term business relationship.

It is important in these early stages to be viewed as a man of honour and this can be achieved by avoiding impatience and confrontation as well as by showing the right amount of respect to those people to whom respect is due - older more senior contacts. Try, therefore, to do some research on the people you will be meeting - who are the most important contacts?

The relevance of your delegation could also be judged on who is included. Their senior people would not be expected to have to deal with younger, more junior contacts from another organisation. Ensure a compatibility of levels within meetings. It is also important to be able to answer fully any technical questions thrown at you, so ensure that your delegation has the requisite level of expertise at its disposal, in order to avoid seeming ill-prepared or amateurish.

Punctuality is important, as is dress and body language.

Gift Giving

Gift giving is an endemic part of Korean business life and should not be confused with notions of bribery and corruption. Gifts should not be too lavish but should always be of good quality. It is important to take a number of small gifts to Korea to distribute to new and existing contacts.

Gifts should always be wrapped. Alcohol, especially good single malt whiskey and brandy is always an appreciated gift. Do not open the gift in front of the giver. It is polite to seem to refuse the gift a couple times before accepting.

South Korea Teams

Koreans have a strong family and clan attachment and see themselves as individually subordinate to these greater bodies. This sublimation of the individual to the group makes them good team players - so long as they have respect for and a good relationship with the team-leader.

Thus, when working with a Korean team it is imperative to gain their respect through appearing honourable and respectful of others. Respect is also gained through educational achievement, age and experience.

If the right environment can be created, Koreans will prove wonderfully loyal team players. If, however, the environment is uncomfortable (and worst of all a place in which people's face is not protected), then groups will flounder and co-operation can be subtly withdrawn.

South Korea Communication Styles

There is a contradiction at the heart of Korean communication patterns which is that, like the Japanese, Koreans want to preserve harmony and promote good relations but at the same time they have a tendency to become emotional if they feel that things are not going their way. This combination of the non-confrontational and the emotional probably stems from the historical sufferings of the nation and is best categorised under the concept of hahn. Hahn describes the feelings of unreleased frustrations developed during periods of extreme hardship in the past and which is still felt, in certain elements of society, today. If a Korean expresses obvious disquiet in a meeting it is fairly good sign that the meeting is floundering.

Generally speaking, Koreans regard saying 'no' as poor etiquette and something to be avoided at all costs. It can, therefore, be difficult to get at the truth of their intentions. Unhappiness and disagreement will usually be voiced very vaguely through the use of such phrases as 'we will try' or that might be difficult but we will explore the idea.' Nor does 'yes' necessarily mean 'yes'. It might simply mean 'I have heard you' or 'I recognise that you have made a point.' Due to this vagueness of meaning, it is very often necessary to go over the same point many times, trying to extricate more meaning as time progresses. This obviously has the effect of making meetings longer and can be somewhat frustrating. It is important to maintain patience and politeness at all times.

Remember that communication is seen as a means to developing good relationships. Therefore, the way in which you deliver the message could, in fact, be more important than the message itself.

It is important to maintain good body posture during meetings. Slouching or overly expressive body gestures could be disconcerting.

Women in Business in South Korea

By Western standards, the role of women in society is distinctly inferior to that of men. It is rare for women to succeed in business in Korea and most women work as secretaries or in poorly paid assembly line positions. It is generally expected that women will leave work on getting married or having children.

Although foreign women will be accepted and possibly expected as part of a visiting delegation, it could be frustrating when senior female team members' views are ignored and younger, less senior male colleagues are paid both deference and respect. Be prepared for this situation and plan your strategy accordingly.

South Korea Dress Code

Appearance is important in Korea as in many other Asian countries and it is important that you look your smartest at all times - both for formal and informal gatherings.

The conservative convention of dark suit, shirt and tie are still very much the norm in Korea with smart business suits or dresses being favoured by women. (Trousers tend not to be worn by women in business situations but are acceptable in informal, social settings.)

Good quality accessories are very much valued - so long as they are not overly ostentatious.

The winters are very cold in Korea, so be sure to take suitable coats, scarves, gloves and hats. Summers are hot and therefore lightweight suits are needed.

South Korea tips:

- Companies tend to be strictly hierarchical with major decisions being taken at the top and delegated down for implementation.
- Many of the large conglomerates (chaebols) are family run companies where much of the power and ownership resides with the founder's family.
- Confucian ethics dominate Korean thought patterns and this translates in business terms into great respect for authority, age and seniority.
- As well as formal functional hierarchy, many Korean companies have a strong informal hierarchy, which is based upon personal relationships and loyalties.
- Confucian respect for authority dictates that managers will be respected simply because they are the manager.
- Korean managers are expected to take a holistic interest in the well being of their staff - and this includes an interest in their personal life.
- Initial contacts with Korea can amount to little more than preliminary, polite skirmishes, which are designed to commence the all-important process of relationship building.
- The quality of relationship is of primary significance when working with Koreans. Do not jeopardise a relationship through impatience or making a key contact lose face.
- Always show respect to senior people. Your trustworthiness and standing will, in part, be judged by your ability to create the right type of harmonious atmosphere.
- Balance out the seniority of the two delegations. Senior people should be met by people of similar rank and standing.
- Be sure to have all technical details and answers to hand. Do not be found lacking in preparation as this could also result in negative reactions.
- Punctuality is of vital importance. Do not keep senior people waiting - it is extremely disrespectful.
- If Koreans are to work effectively in a team, it is important to create an atmosphere of harmony and comfort. Making individuals within the team lose face will affect the morale of the whole team.
- Although Koreans are restrained and reserved in most situations, they will occasionally show flashes of extreme emotion. If meetings begin to get heated it is probably best to retreat and try again later.
- It is difficult to disagree openly and any disagreement will be very vaguely expressed. On the other hand, 'yes' may not mean definite agreement but merely acknowledgement of comprehension.
- Try to avoid any form of disagreement or situations which can result in loss of face on the other side such as pushing for quick decisions or asking for favours that cannot be delivered.

- Be smartly and conservatively dressed and maintain good, upright body posture at all times in formal situations.
- Gifts are important. Always take a supply of small, suitable gifts to distribute to key contacts. Always wrap gifts.
- It is unusual to meet women in senior roles in Korea (except when working for foreign firms).
- Senior western women will be accepted but may not be given the respect they feel their position merits. Do not be visibly offended by any perceived lack of esteem given

Successful Entertaining in South Korea

A great deal of important business relationship building takes place in the bars and restaurants of South Korea. If invited out for dinner, it is advisable to accept as these are often the occasions where your South Korean contacts will really decide if you are a trustworthy honorable person — and consequently whether or not they wish to do business with you.

It is customary for the host to order the food, which all arrives at the same time. Korean food can be extremely spicy but milder dishes are also available. Wait until the host invites you to start. Do not leave chopsticks sticking into the rice bowl — place them by the side of your place setting on the chopstick rests when not in use. When passing food items around the table, use only the right hand - this is considered to be much more polite.

Korea has one of the highest per capita alcohol consumption rates in the world - so many business dinners are accompanied by some fairly heavy drinking. You do not, of course, have to drink a lot if you don't want to, but the Koreans will enjoy your company all the more if you join in with the general atmosphere of revelry. (It is not unusual to move on from the restaurant to a Karaoke bar where more drinking will take place and you will probably be asked to sing.)

Tipping is not customary in South Korea although many restaurants add a service charge to the bill.