

CHAPTER 28**Critical Thinking Activity****Japan and the Koreas****Is It Still Who You Know?**

South Korea's economy and political systems are dominated by the chaebol—huge, family-owned conglomerates. Read the following excerpt about Korean employment practices and then answer the questions that follow.

Korea has achieved one of the highest rates of economic growth in the world in the past several decades. Many factors have contributed to the high performance of Korean businesses; among them, certainly is human-resource management. Employee loyalty, “can-do” spirit, “work hard” ethics, and familial, paternalistic management are some of the cultural values frequently cited to explain the success of Korean businesses.

Rapid industrialization, however, has brought about tremendous cultural changes in recent years, affecting the Korean employee's work values, attitude, and behavior. Korean employers can no longer count on the hard work from their employees whose traditional Confucian work ethics once delivered high performance. Korean workers, long known as the world's hardest working, are now showing the “3-D syndrome” (avoiding dirty, dangerous, and difficult work).

Employment practices in Korean businesses have been congruent with the traditional system of lifetime employment under the macro culture, generally characterized by high “collectivism” and strong “uncertainty avoidance.” However, recent cultural changes are bringing about changes in employment practices and lifetime employment. Korean businesses traditionally depended heavily on yon-go relations in recruiting new employees. Yon-go literally means a special social relationship or special connection. Besides family ties, relations based on schools and birthplaces were the primary recruitment sources. However, as Korean businesses could not meet the rapidly increasing manpower needs through such yon-go sources alone, recruitment practices became more open and systematic.

The gong-chae system, literally meaning open-employment system, was first implemented by Samsung in 1957. Since then, this system has been widely adopted and practiced by most large Korean business firms. The open-employment system of gong-chae may not mean much to Westerners, who take open competition for granted, but for Koreans, who have lived inside the traditional yon-go—based culture, gong-chae represents a significant change.

The selection procedures under the gong-chae system are similar to those of U.S. companies, but the selection criteria and measurement methods are different. The typical selection process in Korean firms begins with a review of the biographical data presented in the application form. For new college recruits, age, school, major, and grades are the main items of evaluation. The entry-level age is usually under twenty-nine, and this age limit is strictly enforced in most Korean firms, because too high an age differential

Chapter 28, Critical Thinking Activity, continued

among the newly hired could be a source of interpersonal conflict and could disrupt group harmony.

Recruitment Method	Number of Chaebols Using Method
Advertisement (newspapers, magazines, etc.)	25
Publications, company tours, etc.	16
Company image commercials	16
Campus visits	13
Scholarships, collaborative projects, etc.	13
Yon-go sources	12
Others	4

Trait	Number of Chaebols Who Emphasize Trait
Creativity	19
Sincerity	18
Challenge	13
Human relations, cooperativeness	12
Sound work ethics, responsibilities	10
Specialized knowledge	3

Source: Korea Employers Federation, 1995.

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1. How are the practices of yon-go and gong-chae different?

2. Which recruitment practices are based on gong-chae and which ones are based on yon-go?

3. Categorize the personality traits based on yon-go and gong-chae.

4. What difficulties could you foresee if a yon-go form of recruitment were practiced in the United States?
