

**CORPORATE VALUES IN KOREA:
A DESCRIPTIVE STUDY OF “SAMSUNG MAN” PHENOMENON**

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THESIS

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ABSTRACT

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This study examines Samsung employees perceptions of the “Samsung Man” (삼성맨) in the context of the traditional Korean values and corporate cultures. Samsung, the largest business conglomerate in Korea, was selected as a case study for this research because of its size and impressive growth records. It is also quite notorious among Korean people because of its unique corporate culture and capability of shaping the new type of employees for its own interests. Samsung, aiming for a world leadership, plans to nurture the employees sharing a unified set of values – 9 Action Values - creativity, challenge, strategic focus, speed, simplicity, self-control, customer focus, crisis awareness and continuous innovation. The research finds that Samsung Man is rather a clearly defined stereotype with roughly three properties - responsibility, loyalty and execution with determination. Essentially, this work illustrates the gap between perceived values of Samsung Man and 9 Action Values. The research shows Samsung Man is perceived by employees differently. The study indicates Samsung Man has been one of the driving forces behind recent Samsung success. Finally, this paper suggests the ways of the evolution for Samsung Man.

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Moscow

Russia

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FOREWORD

The remarkable economic growth in Korea over the past three decades has received much attention from Western academics and business people. However, the research on its management system, particularly, human resources management practices, has been limited. This study aims to fill the gap by examining the human resources management (HRM) practices in Korean companies and by discussing the case study of Samsung Electronics, which illustrates the challenges traditional corporate values and HRM practices are facing today.

The stakes are high - for Samsung's position in a global market, for Korean national economy, and for individual Samsung employees. Increasingly, the competitive edge will go to the companies with a strong and sound corporate culture, which is well-defined, clear to all employees and goal-oriented. A successful culture drives actions and behaviors to attain corporate goals. It is a key to an effective enterprise.

Samsung Electronics has been pushing with its ambitious plans of becoming world leader in electronics industry by 2010, implementing the global value strategy since 2004. This research focuses on the perceived qualities and the properties of a "Samsung-Man", a stereotyped Samsung employee. Much of the report looks at the traditional corporate values in Korean companies and HR management system. The message of this paper is how far the generally perceived portrait of Samsung employee is from the ideal expected by management.

Chapter 1. Introduction

1.1. Background and Purpose of the Study.

Companies competing in global economy increasingly expect their corporate values to support and drive business growth. This expectation imposes new demands on the international HR managers charged with developing and implementing value-sharing strategies.

Korea has achieved a remarkable economic growth in the past three decades, and many Korean companies became successful in the global markets. Among all, Samsung Electronics has been on the leading edge. With the brand value of \$15 billion in 2005, Samsung left behind Sony, Dell, Pepsi, Apple, Nike, Philips and Siemens, making the fastest growing brand in the last five years, according to Interbrand agency. Company consequently showed above-the-market and above-the-expectations financial and market performance. Such outstanding results were delivered by the combined efforts of over 120 000 employees in 48 countries around the globe, who best represent the phenomenon of “Samsung Man” (삼성맨) – the unique culture, behavior, traits nurtured within the company.

This research paper aims to discuss different aspects of “Samsung Man” in the context of corporate values in Korean firms. This paper claims that studying espoused values and beliefs of the firm should be the first step to understanding the role of corporate culture in the organizational performance. Essentially, it overviews the SEC shared values – a common platform of qualities supporting SEC’s vision of the world leadership – and attempts to investigate what the perceived traits and behaviors of “Samsung Man” are, how the company shapes them, and what their possible

relationship with the company performance is. Finally, this paper identifies gaps between the overlooked portrait of “Samsung Man” and the declared Samsung values (“as-is” versus “to-be”), on one hand, and traditional corporate values in Korea, on another hand.

This paper aims to contribute to understanding to the corporate culture in Korean companies, particularly in Samsung Electronics. Samsung HR practitioners should be able to see the actual status with regards to SEC shared corporate values vision. At the very least, the author hopes to help form the bedrock for further studies of a currently neglected field, the relationship between corporate cultures and values and corporate performance.

1.2. Research Methodology and Organization of the Thesis.

The methods of the study include survey of the existing literature, in-depth interviews with the selected Samsung employees, survey of a sample of Samsung employees in a form of an electronic questionnaire and generalization from my own experience in Samsung.

First, we examined a range of international books and articles on Korean national culture, value system of Korean workers, traditional management values and beliefs and HR policies in Korea in order to review the background and context of the main topic of this paper. We also examined Korean books and articles, but most of them were quite difficult for comprehension. Second, we tried to grasp the relevant information from the open resources and the internet.

In Chapter 3, we examine the case of Samsung Electronics. Based on the company information and CEO’s strategic vision, we will review SEC business

profile, future strategy directions and the platform of this vision – 7 factors of world-leading company (7DNA) and 9 shared values. Following this context, we will discuss the different aspects of “Samsung Man” - a phenomenon we studied on the basis of the qualitative and quantitative researches carried out among Samsung employees. We will also look at the strengths and weaknesses of “Samsung Man”, his efficiency in the workplace and the implications on the organizational performance.

Chapter 4 summarizes the key findings of this paper and highlights some basic issues with regards to the overlooked perceptions about Samsung Man and the commonly shared Samsung values.

Chapter 2. Corporate Values in Korea: An Overview

2.1. Introduction.

Culture is generally defined as set of values, beliefs, and habits that are shared by the people in a society or a nation, influencing their attitudes and behaviors (Shein, 1985; Harris and Moran, 1987). Within this national culture, people in an organization also share a set of values, beliefs, and attitudes, which is called corporate culture. Studies suggest that strong corporate culture is key to organizational performance and that it could be managed to improve a company's competitive advantage (Peters and Waterman, 1982; Deal and Kennedy, 1982; Kotter and Haskett, 1991; Collins and Porras, 1994; Cameron and Quinn, 1999).

This chapter studies the influences of Korean value system on the managerial practices and employee behavior in Korean firms. More specifically, it reviews the Korean national culture and its impact on corporate culture, which in turn influences employee behavior and policies in human resources management.

2.2. Essentials of Korean national culture

With the numerous Chinese invasions, Korean culture has been shaped by Confucianism, which stresses:

- 1) harmonious relationship between father and son
- 2) respect for the older
- 3) loyalty to the king
- 4) obedience to husband and warmth towards wife
- 5) trust among friends (Ryu ,1980)

Harmonious relationships are maintained by observing ethical codes that specify mutual obligations for parties involved. Confucianism also places a heavy emphasis on education, which is seen as an instrument for gaining social acceptance (Chung, Lee and Jung, 1997).

In clarifying the relationship between Korean national culture and management values and beliefs, we have found the key categorical dimensions of culture adopted by Schein (1985) particularly useful, and these are outlined below.

Collectivism. Confucianism views each individual as a member of a group. Progress is achieved through the unified efforts of the group.

Vertical Relations. Confucianism does not view individuals as beings of equal talent and ability. The observance of proper roles and relationships results in the appropriate ranking for members of the group by senior and social status.

Harmony and Balance. The individual will subvert his own interests for the good of the society. Uniqueness and differences in ability are naturally accepted, but they must be balanced against group needs to avoid strife.

Feeling and Emotion over Reason. Korea's shamanist past promotes a non-rational and emotional view of the world. Trust, warm feeling and empathy between group members are believed to build smooth human relations in vertically-structured Korean society.

High Context and Interaction. Non-verbal, physical and spatial cues play a key role in communication in Korea, as opposed to precise and overt communication. Indirect communication is preferred over oral or written statements.

Preference for the Concrete over the Universal. In a high context culture, human relations are defined in terms of concrete and specific social relationships.

To this end, Confucian values reinforce collectivism, centralized authority, vertical hierarchical order, harmony among people, diligence and hard work, preference for feeling over rationality.

2.3. Value system of Korean workers

In this section, we will examine how the Korean national values determine employee attitudes toward their work, work ethics, co-workers, company, corporate culture, and managerial practice.

Work Ethic. The Korean work ethic is legendary. The average Korean worker worked an average 2390 hours a year, which is the highest rank among OECD countries (2003). Nevertheless, the concept of work has undergone changes during the past decades. In the 1960s and 1970s, there was strong consensus among Koreans for economic development and improving the standard of living. Korean employees were willing to work hard for long hours to achieve the national goal. However, in the 1980s, the motivation of Korean employees for hard work declined markedly while other desire for leisure increased. Some study reveal that in the 1960s and 1970s nearly 60 percent of Korean employees were willing to work hard regardless of their earnings, but, in the 1980s, less than 30 percent showed strong motivation to work (Shin, 1991). Changes in work ethic of Korean employees are also evident in their desire for shorter work hours and more leisure time, which has led to the introduction of the five-day workweek since 2003.

Table 1. Working Hours in Korea (1975 – 2005)

Years	Weekly Working Hours *All industries	Yearly Growth Rate (%)
1970	51.6	N/A
1975	50.0	-3%
1980	51.6	3%
1985	51.9	1%
1990	48.2	-7%
1995	47.7	-1%
2000	47.5	0%
2003	45.9	-3%
2004	45.7	0%
2005	44.9	-2%

* Average weekly working hours = Average monthly working hours * 7/30.4

Sources: *Korean Ministry of Labor, National Statistics Office (1970-2005).*

Not only did the motivation decline, but also Korean workers began to avoid dirty, dangerous and difficult work (so called “3-D syndrome”). This led to the import of labor from China, Sri Lanka, Philippines, Vietnam, Bangladesh, Indonesia, Thailand, Mongolia, Nepal, Uzbekistan, India and other countries. The number of imported laborers, is estimated to be about 388,816 (250,760 legal and 138,056 illegal) in December 2003, according to the statistics released by the Ministry of Justice.

Occupational preferences of Korean people have also been changing. In the 1960s and 1970s, job seekers generally preferred employment in manufacturing industries, in large reputable firms. In contrast, careers in social work, healthcare, law, and information and communication technologies are the best to pursue for the next five years in Korea, according to the Occupational Outlook Handbook 2005.

Attitudes Toward the Company. The organization where one works occupies an important part in one’s life. The surveys suggest that Korean workers closely identify with their company and relate company growth with their individual

progress (Chung, Lee and Jung, 1997). However, the bond between employees and their company has been weakening over the years, which affects the employees' loyalty and lifetime commitment to their company and work (Shin, 1991). Many workers put their family ahead of the company. Loyalty and life-commitment, which have been traditionally associated with Korean employees, are no longer strong social norms.

Conformity. It is generally understood that Korean employees have strongly group-oriented values. For example, Hofstede's study on national cultures categorizes Korea as a collectively oriented culture, more so than Japan (Hofstede, 1983). However, a number of studies point out that Koreans tend to be more individualistic than Japanese (Kim, 1982; Chang and Chang, 1994). The findings suggest that individual opinions of Korean employees are in many times suppressed, either because not enough opportunities to participate are allowed or because they are simply submissive to authority. Or, they may be willing to suppress their own opinion for the sake of group harmony. Chang calls this phenomenon a "salad bowl" type of group behavior, when each of the group members shows his or her identity (Chang and Chang, 1994).

2.4. Traditional management values and beliefs

Confucian-based culture has influenced management values and beliefs, thus forming the corporate culture in Korean firms. To illustrate this impact, this section first examines two formally formulated organization symbols, company mottos and company songs (see Appendix D for examples), which serve as a symbolic

representation of the firm (Dandridge, 1983; Gross, 1985).

Sahoon. Sahoon can be translated “company credos”. It could be called management ideology or core value and beliefs. A Sahoon generally consists of a few words or short phrases, which best represent the companies most important values or beliefs. In Korean firms, sahoon often reflects the personal values, beliefs, and philosophies of their founders. It serves a general guide for management and a “guiding spirit” for employees. It is especially important in indoctrination training of new employees and in shaping their attitudes. Thus, sahoon plays important role in shaping corporate culture of Korean business.

Here are some illustrations of shared values and traditional sahoon in major Korean chaebols.

Table 2. Shared Values of Chaebols.

Chaebol	Shared values or official sahoon
Samsung	Respect for individual, pursuit of technology, and empowerment
Hyundai	Diligence, thriftiness, trust and affection
LG	Creativity, respect for individual, harmony
Daewoo	Creativity, challenge and sacrifice
SK	Humanism, rationalism, realism, vitality, “supex” pursuit
Ssangyong	Trust, credibility, innovativeness, and unity
Hanjin	Service, credibility, and progressiveness
Hanwha	Truthfulness, self-discretion and best-effort
Lotte	Honesty, integrity, service, and passion
Daelim	Creativity, cooperation, and responsibility

Source: Chung, Lee and Jung, 1997; Ungson, Steers and Park, 1997.

New Confucianism. Until recently, *inhwa* (harmony) and unity were the most common emphasized in the *sahoon*. Economic development and globalization have been replacing traditional *inhwa* values toward ones, which stress performance, such as customer service, challenge, and innovation. What is perhaps most interesting about this value revolution is that it represents a blend of East and West, which can be called “New Confucianism” (Ungson, Steers and Park, 1997).

2.5. The impact of traditional management values on HR policies

Human resources management is an integral part of the corporate culture, reflecting the shared values of organizational members and management strategies that we discussed in the previous chapter. This chapter discusses human resources management of Korean firms. There are various management practices among small, medium, and large companies in Korea. We will focus on large business firms. The chapter is divided into four major sections: recruitment and selection, training and development, performance evaluation and promotion, and compensation and benefits.

Recruitment and Selection

Recruitment and selection are especially important for Korean firms, because they are associated with life-time employment, when the employees, once hired, keep their job for a lifetime. Traditionally, Korean businesses relied heavily on *yon-go* (relation-based) and education-based recruiting (Shin, 1988). Thus, the primary pool was the owner’s family members, school alumni, friends, as well as the graduates from elite universities (so called “SKY”: SNU, Korea, and Yonsei).

As Korean businesses expanded, increasing manpower needs systematized the recruitment process and led to a *gong-chaе* system, literally meaning open employment system, based on the competition. Specific selection procedures under this system vary among Korean businesses, but generally consist of the following:

- (1) a review of bio-data on the application form;
- (2) written examinations on general and technical knowledge, foreign language proficiency, an essay on special topics, and/or a psychological aptitude test;
- (3) interviews;
- (4) letters of recommendation;
- (5) a review of the internship record;
- (6) a physical examination.

Recently, some Korean companies such as Samsung, Hyundai and Hansol adopted an interview style called *blind interview* which relies solely on the personal information provided by applicants for selection (Ungson, 1997; Lee, 1998-1999).

The entry level age is usually under 29 years old. The age limit is strict in many Korean companies because great age differences among the freshmen could be a source of conflict and could disrupt group harmony (Chung, Lee and Jung, 1997).

The impact of traditional values is seen in favoring graduates from the prestigious colleges and universities and discriminatory hiring with strong preference for male graduates. In 1994, the 50 largest chaebols hired only 2,000 female college graduates who were a mere 8% of the total number of employees hired (Chung, Lee and Jung, 1997). In recent years, the ratio of hired female stood around 15-20%.

Another challenge is growing preference for experienced hires (경력사원). During the IMF crisis the portion of hiring experienced workers at large companies,

public enterprises and financial institutions stood at 40 percent, but the figure exceeded 80 percent in 2003 (Korea Herald, August 27, 2004). This is evidence that Korean companies are moving from the past practice of hiring with a preference for employees in one's own organization to an ability-oriented specialist system. Such a hiring practice is expected to become more prevalent due to technological advancement, productivity improvement and changes in industry structure.

Employee Training

Training and development have been of special importance in Korea since, as noted before, Korean culture places a high value on education. This is reflected in the educational expenditure, public and private, of the country. Korea's private educational expenditure/GDP is the highest in Asia, although its public expenditure is at the middle level. The total expenditure ratio (both public and private) is again the highest (Hong, 2003).

Table 3. Total Spending on Education as a % of GDP in East Asia, 1998

Country	Public	Private
China	2.29 ^a	1.10 ^b
Hong Kong, China	4.20 ^c	1.10 ^c
Indonesia	1.43	2.20 ^d
Japan	3.48	1.15
Korea	4.07	2.99
Malaysia	4.62	0.11 ^a
Philippines	3.20	2.88 ^f
Singapore	3.07 ^d	0.50 ^b
Thailand	4.70	0.30 ^b

Notes: a) 1999, b) 1990, c) 2001, d) 1995, e) 1997, f) 1994

Sources: World Bank. World Development Indicators. Various issues; World Bank. ECSTATS; OECD. Education Database; Hong Kong, China. Education and Manpower Bureau. (Quoted from Yusuf. 2003. p.185)

Following the economic growth, in the 1970s the government enhanced the

public training curriculum and expanded training facilities, and introduced a system requiring firms over a certain size to implement training. For instance, large firms with over 1,000 employees are required to set training expenditure at 2 per cent of a firm's payroll expenses. It is noteworthy that this system is one in which the law imposes a training obligation to employers.

Globalization and increasing global competition have made training and development all the more important in recent years. Korean chaebol groups have their own training institutes with boarding facilities capable of accommodating thousands of trainees. Promising managers are sent overseas for MBA programs. In addition, many employees are enrolled in evening MBA programs or foreign language programs on their own.

Employee training and development programs in most Korean chaebols are well organized and systematically designed, covering all functional areas such as production, marketing, accounting/finance, human resource, labor relations, strategic management, and international management. These programs are tailored to serve different managerial needs (top, middle, low) levels. Many large companies introduced e-learning portals and "in-house MBA" programs.

In addition, globalization has increased the importance of the international dimension of managerial work. Foreign language capability became an necessary qualification for Korean employees. Furthermore, many businesses are sending their executives for overseas training and study tours. As an illustration, in 1990, Samsung Group initiated a five-year program to develop 2,000 regional area experts, which is still essentially continued. Future area specialists are selected from young employees with 3-5 years of experience in the company, and these employees are sent to foreign countries for one year to learn the local language and culture (Chung, 1997).

Orientation programs for new hires generally last for about four months and occur centrally (See Appendix A for details on new employee integration in Samsung Group). The purpose of the months-long training is to transform naïve college graduates into “warrior workers” loyal to the organization (Kearney, 1991). Only after this initial training, new employees are assigned to specific companies with business division. This is the source of the big placement problem since these new hires may be assigned to the job in which they do not want to work.

Performance evaluation

Most of Korean enterprises have a well-designed, formal system of performance evaluation. Employee performance is rated on such factors as quantity and quality of work, ability, interpersonal skills, leadership skills, and work attitude. The evaluation is generally conducted in three stages: immediate supervisor, team manager, department manager, or HR.

The traditional performance evaluation and promotion system in many of Korean firms is largely based on seniority. Moreover, most Korean managers tend to evaluate their subordinates too leniently with little differentiation between high and low performers. These two characteristics of appraisal system are no doubt related to the harmony-oriented Korean culture. Paternalistic leadership behavior under traditional Confucianism also tends to lead Korean managers to practice generous and lenient ratings of subordinates.

Compensation and benefits

The wages in Korea have been on continuous rise in recent years by an average rate of 8.3%.

Table 4. Wages: Monthly Earnings by Regular Employee (1993~)

Years	Monthly Wage (KRW) *All industries	Yearly Growth Rate (%)
1993	975,125	13%
1994	1,098,984	11%
1995	1,222,097	12%
1996	1,367,501	7%
1997	1,463,300	-2%
1998	1,426,797	12%
1999	1,599,210	8%
2000	1,727,339	6%
2001	1,824,827	12%
2002	2,036,207	9%
2003	2,228,491	6%
2004	2,372,612	6%
2005	2,524,917	13%

* Av. monthly earnings = total earnings (regular + overtime + bonuses) / (number of workers at the last day of the previous month + workers at the last day of the present month) / 2.

Data are collected from the companies which employ 10+ regular employees.

Sources: Korean Ministry of Labor, National Statistics Office (1993-2005).

Employees compensation package generally consists of three components: (1) basic salary, (2) allowances, (3) and bonuses.

The basic salary is the largest part of compensation package and consists of the employee's starting wage plus annual increments and cost-of-living adjustments. Starting salaries are determined largely by educational level. Annual increases are determined largely by seniority.

Allowances granted to employees can take several forms: overtime payment, lunch support, paid leave etc. Bonuses ranging from 100 to 600% of monthly salary have come to be an expected part of the compensation system. Based on the corporate performance, they do not recognize individual achievements. Special bonuses amounting 50-100% of monthly salary are usually paid out two-four times a years - Lunar New Year (Sollal), Thanksgiving day (Chusok), sometimes in the beginning of summer vacations and for Christmas.

Employee compensation has been traditionally determined largely by seniority. Recently, according to a HR survey, performance has emerged as an important factor as companies attempt to increase productivity by rewarding performance (Ahn, 1996; Park, 2000).

Table 5. Merit-Pay Proliferation: % of Firms Adopted Merit-based Pay

Years	Ministry of Labor	Korea Labor Institute
1996	1.6	
1997	3.6	
1998		35
1999	12.7	
2000		45.2

Sources: Ministry of Labor, Korea Labor Institute

Traditionally, there has been a clear difference in wage levels between college and university graduates, between white-collar and blue-collar employees and between male and female workers. Better compensation for educated, white collar and male employees is certainly attributed to the traditional Confucian culture.

Table 6. Wages Statistics: by Sex, Education (1975 - 2004)

Years	Average Wage*	Male	Female	Junior College Graduates	University Graduates	Professionals	Operators
1975	46,654	60,319	25,465	76,248	120,021	N/A	N/A
1980	150,747	192,589	85,674	226,763	338,208	N/A	N/A
1985	268,766	328,177	158,486	333,259	552,460	N/A	N/A
1990	501,992	588,320	323,692	542,501	812,168	N/A	N/A
1995	927,891	1,049,646	628,275	935,978	1,263,681	1,232,710	657,988
2000	1,313,910	1,473,789	954,292	1,226,448	1,789,179	1,786,017	810,260
2004	1,750,421	1,957,976	1,286,258	1,578,311	2,347,257	2,309,839	1,022,201

* Wages of June each year based on wages of regular and over-time payments and exclusive bonuses.

Sources: Korean Ministry of Labor, National Statistics Office (1975-2004).

Chapter 3. Case study on Samsung Electronics: “Samsung Man” phenomenon

3.1. Introduction.

Having studied the influences of Korean value system on the corporate culture, managerial practices and employee behavior in Korean firms in Chapter 2, Chapter 3 focuses on the case of Samsung Electronics Corporation (SEC). More specifically, it outlines its mission statement and vision philosophy, reviews 7DNA and shared values promoted by SEC Chairman and discusses “Samsung Man” phenomenon, based on the research carried out.

3.2. SEC: business profile and vision

Samsung Electronics, established in 1969 as a TV manufacturing joint venture with Japanese Sanyo, is now a global leader in semiconductor, telecommunication, digital media and digital convergence technologies with 2004 parent company sales of US\$55.2 billion and net income of US\$10.3 billion. Employing approximately 113,600 people in over 90 offices in 48 countries, the company consists of five business units: Digital Appliance Business, Digital Media Business, LCD Business, Semiconductor Business and Telecommunication Network Business. Recognized as one of the fastest growing brands, Samsung Electronics is a leading producer of digital TVs, memory chips, mobile phones, and TFT-LCDs. Samsung, which has the highest market value among Asian electronics companies, surpassing that of Nokia Oyj, Hewlett-Packard, Motorola Inc., and Sony, now aims to double sales and become the top manufacturer of 20 products globally by 2010, from 8 now.

Samsung management philosophy statement is "We will devote our human resources and technology to create superior products and services, thereby contributing to a better global society". This represents strong commitment to the excellence in people, digital technologies enhancing standards of living, and to the mutual prosperity of people all over the world.

Samsung has been busy with solidifying its credentials as a global leading company and breaking every performance record set during their 35 years in the electronics business. SEC was the world's most profitable company in the technology area in 2004, when it reported \$10.3 billion in net income. In 2005 Fortune, US-based magazine, ranked Samsung Electronics 3rd in electronics industry, one step ahead 2004 ranks. According to Interbrand, brand value of Samsung jumped from US\$6 billion four years ago to US\$15 billion in 2005, surpassing that of Sony, Pepsi and Dell. Nevertheless, Samsung keeps laying the groundwork for even greater achievements in the future as the Chairman's vision is to become a world-leading (초일류 – Choillyu – literally, "ahead of the best") and the most admired company in the world by 2010.

3.3. SEC 7 DNA

The world-leading company can be defined as one that creates industry-leading business and products, maintains top competitiveness by continuous innovation, provides new values to the customer and enjoys strong loyalty and trust from its customers. To accelerate efforts towards becoming the world leader, Samsung Vice-Chairman and CEO, Mr. Jong-Yong Yun declared in 2004 Strategic Meeting the world leadership properties that are now widely known as "7 DNA" or "7

factors of World Leading Samsung”:

- 1) *Dream, Vision and Goal*
- 2) *Insight and Good Sense*
- 3) *Trust & Credibility*
- 4) *Creativity & Challenge*
- 5) *Technology & Information*
- 6) *Speed & Velocity*
- 7) *Change & Innovation*

First, the company must have dream, vision and goals. A person or an organization that accomplished great results always had had big dreams and goals. To become a world leader, one should lead the change ahead of others. Thus, Samsung should challenge visions and goals, and all executives, staff, and employees must share that same dream. Only when the whole organization has the same mind and is in one accord can it gather its strength and achieve even those goals that are deemed impossible.

Second, a world-leading company needs an insight to see through the essence and the good sense to make optimum decisions. Such insight and good sense becomes very important in forecasting and quickly adapting to a rapidly changing environment. Such qualities come from wisdom, and wisdom comes from immense experience and knowledge. To obtain these qualities, one should put away stereotypes, inactivity, and selfishness, while making it the second nature to obtain information and knowledge to study, think, and experience new things endlessly.

Third, a world leader should continuously change and be innovative. Psychology explains that if a certain situation continues for three years, a human mind develops an illusion that it will last forever. In other words, people are apt to become

self-complacent and careless when making good progress. Stagnant water that does not run will surely become rancid. Only continuous change and innovation will enable growth and development. It was Toyota's continuously innovating organizational culture that made it possible for Toyota to surpass Ford as world's No. 2 automaker. Toyota's unique culture always maintains a sense of risk so much so that it feels uneasy when there is nothing more to improve.

Fourth, in order to become a truly No 1, Samsung needs to be creative and challenging. The creativeness and challenging spirit have become much more important as the paradigm of competition shifts from analogue to digital. In order to create a creative and challenging climate, the company needs an open organization where communication is active and members do not hesitate to raise issues. Also, everyone must be able to admit failures, learn from such mistakes so that not to repeat them in the future.

Fifth, a world leader needs to emphasize technology and information. The levers that advanced the history of mankind were the invention of tools and the development in science and technology. And technology will continue to be a critical element of change in future. For that reason, companies must continue to retain key technologies and core technological manpower. Also, they need to gather and digest information more quickly than others in order to take the lead. In that regard, Samsung should be able to sense the slightest change in the environment from their web-like information network, and make certain that all information is communicated smoothly within the organization.

Sixth, world leaders must embrace speed and velocity. Barriers of time and space are being dissolved and now the key is how quickly the companies can respond to the changes in the environment. Equipped with speed and velocity, world leaders

will be capable of expanding their territories faster than others, and with greater impact. Armed with a challenging attitude of seizing all opportunities, Samsung must make a head start and take the initiative.

Lastly, there must be trust within the organization and among its members. About 60 to 70% of all changes pursued by an organization is said to fail - the biggest reason being the lack of trust and consensus from its members. Trust and belief start with mutual respect and grow with character, morality, and self-sacrificing spirit of the persons in charge. Factionalism must end. Fair and just assessment and compensation programs must take root.

The road to becoming a world leader will be rough as Samsung has never set foot on it before. But it is not something impossible. If the company is not content with current achievements it can foster bigger dreams.

The principles incorporating 7 DNA are the guiding standard for everyone in Samsung Electronics, outlining code of conduct in all business activities (see Appendix B for details).

These business principles driving SEC towards a world-leading company are supported by the corporate values - Samsung 9 Action Values - that are shared and pursued by all Samsung Electronics employees around the globe.

3.4. SEC shared values

Samsung's hunger for world leadership has been major catalyst for its drive to excel in the human resources and to establish a sound corporate culture. The SEC corporate values serve as uniting principles to link together all global employees, each with their own personal values. Additionally, each office has its own unique culture. The values serve as a magnet, connecting each employee to a common platform of beliefs, while at the same time respecting local diversity. This is the basis upon which to connect Samsung employees regardless of nationality or location. This is the tool to manage global diversity.

Firstly, Samsung encourages **Creativity** in people and attracts and rewards creative-thinking individuals who strive to develop market-leading products and introduce new ideas. To encourage creativity, Samsung fosters an open environment that supports the diversity of its people, where new and different ideas may be considered and accepted.

- § Creating new plans and ideas when situations change,
- § Entertain wide-ranging possibilities to come up with new solutions,
- § Use various communication methods to gain support for new ideas,
- § Being good in brainstorming processes,
- § Thinking outside given parameters to see if there's a better way.

Secondly, Samsung actively seeks out **Challenges** in order to create market-leading products and solutions. The company seeks challenge daily, whether it be finding processes to improve, discovering winning technologies, or learning new skills outside their comfort zone. Individuals who embrace risk are encouraged to have the confidence to tackle the greatest challenges. Samsung claims to reward those

who embody this spirit and to not penalize them for making a mistake in the name of progress. On the individual level challenge is recognized as:

- § Seizing opportunities as they arise and acts to capitalize on them,
- § Will to challenge status quo, play offense,
- § Self-confidence and enthusiasm to take risks,
- § Winning-orientation.

Thirdly, Samsung **Strategically Selects** the best portfolio of products to develop, processes to implement, and skills to develop. This is based upon rigorous and regular analysis of our markets, our customers and our capabilities. Once selected, they focus and concentrate on creating best-of-breed products, services or systems that will maximize their investment. To choose the best strategies, Samsung strives to create an inclusive environment that draws upon their collective global knowledge and customer insight. Strategic focus requires that Samsung creates flexible and creative solutions in its quest to develop the best end result for its customers, employees, and ultimately its shareholders. In practice, strategic focus requires each SEC employee to:

- § Understand total business environment,
- § Make plans according to company's vision and strategy,
- § Communicate and align vision into achievable strategic objectives,
- § Consider implications, dynamics and demands of organization.

The next corporate value in Samsung is **Speed**. Speed should never come at the cost of quality. Speed in operations and decision making enables company to achieve its common objectives. Samsung applies the speed principle to all processes in manufacturing, marketing, sales and communications in order to improve SCM, time-to-market, inventory management, cash flow management, marketing knowledge,

sales results, interpersonal interactions and more. As a result, the company looks for quick-minded individuals who can execute quickly and meet deadlines superbly - in other words, the individuals who:

- § Make competent and effective decisions in a timely manner,
- § Respond rapidly in situations requiring quick turnaround,
- § Deliver results through quick action,
- § Spend time on important, zero in on critical and put the trivial aside,
- § Do not “over think” problems or tasks.

Furthermore, **Simplicity** is required to make the management processes faster and more efficient. Simpler processes also allow the company to be more customer-focused. Samsung applies simplicity to its management structure and communication channels to enable faster, seamless and more transparent interaction between employees and partners around the world. To benefit from simplicity, obstacles such as hierarchical structures and cultural confusion must be addressed by encouraging greater dialogue and exchange between all employees, of all nationalities, at all levels. On the employee level, simplicity is reflected in:

- § Convey information in an organized and easy-to-understand manner,
- § Identify complex situations and proposing solutions to ease them,
- § Be approachable and encouraging direct and open dialogue,
- § Seek simplicity in accomplishing daily tasks,
- § Create policy and procedures that are easy to understand by all.

Samsung emphasizes **Self-control** and **Empowerment** which is facilitating results through action and creative thinking. SEC divisions and employees are expected to be free to come up with new ideas and to think creatively, to develop better solutions for the customers. With empowerment comes the responsibility to

make decisions and the ability to take action and capitalize on immediate opportunities. On the individual level, the empowerment translates into:

- § Feeling personally accountable,
- § Making decisions within boundaries effectively,
- § Putting in all efforts and hours are needed to get the job done right,
- § Taking initiative: if something's to be done, do without being asked.

Customer focus drives Samsung business – the company aims to think of the market and act for the customer with every decision, in every activity. Embracing this value ensures that they incorporate customer feedback into their processes, plans and activities. Each SEC employee must consider how his/her daily work affects both the internal and external customers, whether while building a new product, developing a strategic business partnership, or supporting fellow employees in their endeavors. In practice, customer-focused employee:

- § Is dedicated to surpassing expectations of internal/external customers,
- § Ensures that commitments to customers are met,
- § Anticipates and responds to customers' current and future needs,
- § Gets first-hand customer information and uses it for improvement.

Very often repeated by Vice-Chairman Yun, Samsung must always operate with a sense of **Crisis Awareness**, the knowledge that they are in global competition with the best. To grow stronger, the company must regularly analyze its strengths and weaknesses, as well as potential opportunities and threats. Thinking with a crisis awareness mentality requires to be flexible, open to change, and nimble. One must be prepared for changes in the market and global environment. With crisis awareness, one can always look for ways to reduce waste or process time, thereby reducing costs and freeing up resources to work on value-added activities. Crisis awareness is

important to financial management; however short-term concerns should never paralyze long-term activities. Weigh investment decisions against overall rewards, and follow up projects with detailed results to quantify the pay-off. In the end, Samsung expects each employee:

- § Anticipates problems and major obstructions, and reacts accordingly,
- § Is willing to act regardless of limited information and uncertainty,
- § Has a sense of urgency,
- § Involves others in decision making to minimize potential crisis,
- § Has the ability to respond to rapid or unexpected change.

Finally, all Samsung employees must pursue **Continuous Innovation** and improvement in their daily work - looking ahead to improve current systems and processes in order to enhance communication, collaboration and efficiency. Samsung encourages its talented employees to bring in fresh ideas which will inspire management and all leaders to innovate themselves. As a result, Samsung looks for individuals who:

- § Seeks and makes continuous improvements in key processes,
- § Motivates others to find new ways of using technology and systems,
- § Actively contributes to the development of other team members.

In the paragraphs above, we attempted to describe the key qualities that Samsung employees around the globe should possess. These qualities come from the understanding of the 9 Shared Values – Creativity, Challenge, Strategic Focus (Selection & Concentration), Speed, Simplicity, Self-Control (Empowerment), Customer Focus, Crisis Awareness and Continuous Innovation. All these qualities, or competencies, constitute the ideal Samsung employee – “Samsung Man”-to-be – and reflect the unique culture, behavior and traits nurtured within the company, supporting

the vision of the world leadership. Importantly, Samsung values co-exist with the Confucianism-based traditional values in Korean firms that we studied in Chapter 2.

3.5. Research methodology: IDI, respondents sample, profiles and procedure, data analysis

The purpose of our research has been to verify the portrait of “Samsung Man” and to discuss different aspects of “Samsung Man”, in the context of SEC Shared Values, on one hand, and the traditional Korean corporate values, on the other hand.

In order to gather the most valuable insights about “Samsung Man”, the series of in-depth interviews (IDI) with Samsung employees have been conducted, seeking to find respondents’ opinion on various aspects of this phenomenon. In case physical interview was impossible, the research proceeded via electronic correspondence in a form of questionnaire. Interviews period: September 1-20, 2004.

Based on the interviews’ results, survey questionnaire has been designed (see Appendix C). The ideal respondent profile has been a HR-related managerial staff in SEC HQ (target sample was around 50 people). However, due to somewhat insufficient number of respondents, lower level employees and those from other than HR fields were questioned on the issue. In total, we acquired 76 insightful responses, which largely validate survey conclusions.

Table 7. Sample Characteristics.

Nationality		Frequency	Percent	Valid Percent
Valid	Korean	58	76.3	77.3
	Foreigner	17	22.4	22.7
	Total	75	98.7	100.0
Missing	System	1	1.3	
Total		76	100.0	
Tenure				
Valid	< 1 year	14	18.4	18.7
	1-8 years	46	60.5	61.3
	> 8 years	15	19.7	20.0
	Total	75	98.7	100.0
Missing	System	1	1.3	
Total		76	100.0	
Job Scope				
Valid	HR	21	27.6	28.0
	Other	54	71.1	72.0
	Total	75	98.7	100.0
Missing	System	1	1.3	
Total		76	100.0	
Position				
Valid	Non-supervisory/Staff	45	59.2	60.0
	Supervisory/Managerial	30	39.5	40.0
	Total	75	98.7	100.0
Missing	System	1	1.3	
Total		76	100.0	

The sample consists largely of Korean nationals (58 persons, 77%), with remaining 17 (23%) foreign nationals working in Korea. The majority of respondents (61%) have been employed by Samsung for 1-8 years. 20% of respondents have been with the company for over 8 years. In total, 21 respondents (28%) worked in the HR area. With regards to the respondents' position, 45 (60%) were taking non-supervisory role, whereas the other 30 (40%) undertook managerial role.

The chief research aspects are following:

1. Associating, defining and general understanding of “Samsung Man”
2. Tools and means of shaping “Samsung Man”
3. Strengths and weaknesses of “Samsung Man”
4. Impact of Samsung Man's characteristics on organizational performance.

3.6. Research findings: general portrait, strengths and weaknesses, impact

on performance

81% of the respondents state they heard many times about “Samsung Man” and have a sense of familiarity with this term. 11 people (14.7%) said they heard this term but had little understanding of what it actually meant. Overall, we believe that most of the respondents were knowledgeable enough to provide us some important insights when answering our survey questions.

When asked what came to their mind when they thought about Samsung Man, most of the respondents point out a Korean gentleman with neat and smart looks, sharp appearance, wearing well-ironed black or blue suit (not luxurious, simple and humble), pale shirt and non-descript tie, belt and black leather shoes. Short hair cut, clean and trimmed fingernails. Glasses but no other accessories except may be Samsung pin. No facial hair imagined. Tattoos and piercing are taboo.

Very well-educated, he does not have much of his leisure and family as work eats most of his time. Wife often does not work, takes care of several kids while living in Bundang. Occasional “lucky Sundays” spent with kids – Carribean Bay, Everland and other Samsung-owned facilities offer good deals to Samsung employees. Perhaps, thanks to that work-centric lifestyle many Samsung men are enjoying soju and smoking their life away. From time to time they can afford some time for trendy sports such as golf, ski or tennis, though it is often part of their business. Samsung man is considered as elite representative and is respected by society that owes to Samsung a significant portion of the economic growth.

With good manners, Samsung Man is often described as serious-about-everything but enthusiastic, polite, gentle, friendly, sincere and warm-hearted, nevertheless many dig in further and say this is only surface. They argue Samsung

Man is rather a selfish, arrogant, rational, emotionless, cold-blooded and frustrated conservative inside. Furthermore, Samsung Man is often perceived as quick and hot-tempered, but on the same time he is said to be very careful, thoughtful and thorough. Self-confident, success-oriented, he feels a great proud of himself and his company.

In his workplace, Samsung Man is associated with perfectionism, loyalty, goal- and detail-orientation, punctuality and diligence. Observing manners and etiquette, which are still based on seniority, Samsung Man does his best in given work diligently, committing all his connections and resources. His management style is rather military - top-down, orders given, no push-back. Corporate culture is a bit dry. Atmosphere in the office is tensional due to high competition, all Samsung men are under pressure to remain at the top. Everybody is so busy and engrossed in his work that there is very little time left for interaction. Work is number one priority in time of economic uncertainties in Korea. Super-motivation comes when there are no other real choices for employment.

In general, Samsung Man is associated with loyalty (74%), responsibility (67%) and execution with determination (51%). Less frequently, respondents cited effectiveness, integrity, positive thinking and aggressiveness (36-45%). There is no significant difference among groups of foreign and Korean respondents. The major challenge appears to be creativity (13%), which is one of the 9 SEC corporate values.

Table 8. Samsung-Man Qualities: Total Sample

		Responses		Percent of Cases
		N	Percent	
Samsung-Man Properties	Positive thinking	28	7.8%	36.8%
	Responsibility	51	14.2%	67.1%
	Future orientation	26	7.2%	34.2%
	Harmony in relations	16	4.5%	21.1%
	Execution with determination	39	10.9%	51.3%
	Effectiveness	32	8.9%	42.1%
	Creativity	10	2.8%	13.2%
	Sincerity	15	4.2%	19.7%
	Self-motivation	25	7.0%	32.9%
	Aggressiveness	27	7.5%	35.5%
	Integrity	34	9.5%	44.7%
	Loyalty	56	15.6%	73.7%
Total		359	100.0%	472.4%

Table 9. Samsung-Man Qualities: Foreigners Sample

		Responses		Percent of Cases
		N	Percent	
S-Man Properties- Foreigners	Positive thinking	6	10.2%	35.3%
	Responsibility	10	16.9%	58.8%
	Future orientation	3	5.1%	17.6%
	Harmony in relations	5	8.5%	29.4%
	Execution with determination	7	11.9%	41.2%
	Creativity	1	1.7%	5.9%
	Sincerity	1	1.7%	5.9%
	Self-motivation	3	5.1%	17.6%
	Aggressiveness	6	10.2%	35.3%
	Integrity	4	6.8%	23.5%
	Loyalty	13	22.0%	76.5%
	Total		59	100.0%

Table 10. Samsung-Man Qualities: Koreans Sample

		Responses		Percent of Cases
		N	Percent	
S-Man properties - Koreans	Positive thinking	22	7.4%	37.9%
	Responsibility	41	13.8%	70.7%
	Future orientation	22	7.4%	37.9%
	Harmony in relations	11	3.7%	19.0%
	Execution with determination	32	10.7%	55.2%
	Effectiveness	32	10.7%	55.2%
	Creativity	9	3.0%	15.5%
	Sincerity	13	4.4%	22.4%
	Self-motivation	22	7.4%	37.9%
	Aggressiveness	21	7.0%	36.2%
	Integrity	30	10.1%	51.7%
	Loyalty	43	14.4%	74.1%
Total		298	100.0%	513.8%

The spirit of Samsung Man described above, is best represented by SEC (71%), Samsung Corporation (32%) and Chairman’s Office. This was highly attributable to respondent’s workplace.

Table 11. Samsung-Man Workplace: Total Sample

		Responses		Percent of Cases
		N	Percent	
Samsung-Man Workplace	Samsung Corporation	24	28.9%	32.0%
	Samsung Electronics	53	63.9%	70.7%
	Samsung Securities	2	2.4%	2.7%
	Cheil Communications	1	1.2%	1.3%
	Other	3	3.6%	4.0%
Total		83	100.0%	110.7%

Interestingly, 15 (20%) respondents do not associate themselves with Samsung Man at all. On the other hand, 28% see themselves as a Samsung-Man. Those 21 respondents who overall associate themselves with Samsung Man are Koreans (100%), with tenure over 8 years (52%), taking supervisory and managerial positions (62%).

Table 12. Self-Association with Samsung Man

Self-association with Samsung Man			Nationality		Total
			Korean	Foreigner	
No	Count	6	9	15	
	% of Total	8.0%	12.0%	20.0%	
Somewhat	Count	31	8	39	
	% of Total	41.3%	10.7%	52.0%	
Yes	Count	21	0	21	
	% of Total	28.0%	.0%	28.0%	
Total	Count	58	17	75	
	% of Total	77.3%	22.7%	100.0%	

Self-association with Samsung Man		Tenure			Total
		< 1 year	1-8 years	> 8 years	
No	Count	1	13	1	15
	% of Total	1.3%	17.3%	1.3%	20.0%
Somewhat	Count	10	26	3	39
	% of Total	13.3%	34.7%	4.0%	52.0%
Yes	Count	3	7	11	21
	% of Total	4.0%	9.3%	14.7%	28.0%
Total	Count	14	46	15	75
	% of Total	18.7%	61.3%	20.0%	100.0%

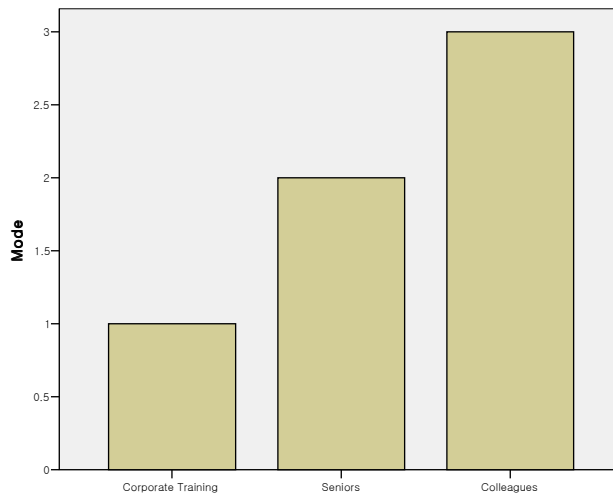
Table 13. Change towards Samsung Man

Change towards Samsung Man		Nationality		Total
		Korean	Foreigner	
No	Count	11	6	17
	% of Total	14.7%	8.0%	22.7%
Somewhat	Count	23	9	32
	% of Total	30.7%	12.0%	42.7%
Yes	Count	24	2	26
	% of Total	32.0%	2.7%	34.7%
Total	Count	58	17	75
	% of Total	77.3%	22.7%	100.0%

26 (35%) survey participants admit that they have changed their attitude towards being more like Samsung-man since they entered company. Out of those 26 respondents 92% are Koreans. The longer they work for the company, the higher percentage of those who has changed the attitude.

Some 58 (77.4%) respondents, who stated they had changed their behavior since entered Samsung, highlight corporate training and their seniors as the key contributing factor to that phenomenon, with colleagues ranked less important. Other factors mentioned include general Korean culture and social expectations.

Table 14. Samsung Man Shaping Factors



Some 16% of the respondents strongly believe that Samsung Man characteristics are changing. 55% are less assertive about these upcoming changes. Mostly, they attribute the changes to the globalization and diversity - changes that the company and the society are going through. Many view creativity, innovation and flexibility along with sense of humor as the key traits of the Samsung Man in the future. The new breed of Samsung men appear to care more about their health and family. As the wife might need to work soon to pay for Bundang apartment and skyrocketing university fees, Samsung Man will need to take on more parental responsibilities. And work no longer becomes the only priority in life. There will be changes about the loyalty and mobility. Right now, it is hard to walk away from a good, well-paying job, but there are some people that are willing to do it. These pressures should eventually change the definition and the qualities of Samsung Man. Nevertheless, 29% of the respondents' pool do not foresee any changes with regards to the characteristics of Samsung-Man.

Table 15. “Samsungmanship” in Samsung

Samsung Man is a clearly defined stereotype	Frequency	Percent
Strongly Disagree	2	2.6
Disagree	15	19.7
Neutral	24	31.6
Agree	29	38.2
Strongly Agree	6	7.9
Most of my colleagues can be called Samsung Man	Frequency	Percent
Strongly Disagree	2	2.6
Disagree	19	25.0
Neutral	26	34.2
Agree	28	36.8
Strongly Agree	1	1.3
Managers around me are Samsung Man	Frequency	Percent
Strongly Disagree	1	1.3
Disagree	7	9.2
Neutral	18	23.7
Agree	41	53.9
Strongly Agree	9	11.8
There is a great diversity in Samsung	Frequency	Percent
Strongly Disagree	5	6.6
Disagree	13	17.1
Neutral	23	30.3
Agree	26	34.2
Strongly Agree	8	10.5
Samsung Man is a driving force to Samsung success	Frequency	Percent
Strongly Disagree	4	5.3
Disagree	9	11.8
Neutral	19	25.0
Agree	33	43.4
Strongly Agree	11	14.5
I would be proud to be called Samsung Man	Frequency	Percent
Strongly Disagree	7	9.2
Disagree	8	10.5
Neutral	28	36.8
Agree	25	32.9
Strongly Agree	8	10.5
Total	76	100.0

Normally, respondents agree that Samsung-Man is a clearly defined stereotype (46% said “Agree” or “Strongly Agree”). 37% of respondents state they can call most of their colleagues “Samsung-Man” as oppose to the other 28% would rather disagree with such a statement. Not only colleagues, highly homogeneous response has been given to the statement “Managers around me can be qualified as Samsung-Man”. Thus, over 65% agreed with this statement. In this context, it is surprising that 45% of the respondents find a great diversity among people in Samsung. On the other hand,

most of the foreign respondents (47%) disagree there is a great diversity in Samsung.

Most of the survey participants (58%), including foreign respondents, believe Samsung Man is the driving force for Samsung success. Therefore, 43% would be proud to be called “Samsung-Man” (these are mainly HR-respondents and those with long service period), with the other 20% of “would-not-be”. Opposed to 30 (52%) Korean respondents proud of being called Samsung Man, 9 (53%) of foreign respondents would not be rather happy.

With regards to the atmosphere in Samsung, 47% admit business processes are complex rather than simple. This means that “simplicity”, which is one of the 9 Action Values in Samsung, is an area for a significant improvement. More than one-third of respondents rate decision-making in Samsung slow (38%), with another 25% arguing it is rather fast. This implies “speed”, another important Action Value, has also some room for improvement.

As the other values are concerned, in 46% cases the respondents feel the challenge is encouraged in Samsung, with 25% remaining negative. Most of the surveyed employees conclude new ideas are appreciated (55%) in spite of the fact that only 15% associate Samsung-Man with creativity as we discussed earlier in this Chapter.

Half of the respondents (50%) disagree that people in Samsung are never content with achievements. That implies that “crisis awareness” in Samsung is on a rather high level. With regards to the customer-orientation, overwhelming 64% of respondents think customers are generally listened and considered in Samsung. 20% are negative about this.

In 51% cases, survey participants witness that people in Samsung strive for continuous change. Therefore, “Continuous Innovation”, which is again one of the 9

SEC Action Values, is perceived to be successfully exhibited in Samsung.

Table 16. Perceptions About Cultural Atmosphere in Samsung

Business processes are complex rather than simple	Frequency	Percent
Strongly Disagree	1	1.3
Disagree	17	22.4
Neutral	22	28.9
Agree	26	34.2
Strongly Agree	10	13.2
Decision-making is slow rather than fast	Frequency	Percent
Strongly Disagree	4	5.3
Disagree	21	27.6
Neutral	22	28.9
Agree	22	28.9
Strongly Agree	7	9.2
Challenge is encouraged	Frequency	Percent
Strongly Disagree	4	5.3
Disagree	15	19.7
Neutral	22	28.9
Agree	30	39.5
Strongly Agree	5	6.6
New ideas are not appreciated	Frequency	Percent
Strongly Disagree	2	2.6
Disagree	40	52.6
Neutral	18	23.7
Agree	11	14.5
Strongly Agree	5	6.6
People are never content with achievements	Frequency	Percent
Strongly Disagree	4	5.3
Disagree	33	43.4
Neutral	21	27.6
Agree	13	17.1
Strongly Agree	3	3.9
Customers are listened and considered	Frequency	Percent
Strongly Disagree	4	5.3
Disagree	11	14.5
Neutral	12	15.8
Agree	40	52.6
Strongly Agree	9	11.8
People strive for continuous change	Frequency	Percent
Strongly Disagree	2	2.6
Disagree	11	14.5
Neutral	24	31.6
Agree	32	42.1
Strongly Agree	7	9.2
Total	76	100.0

When the respondents come to assess the performance of Samsung Man, the majority (47%) find Samsung-Man “somewhat efficient” in the workplace. Samsung-

Man is rated “somewhat inefficient” in 15% of the cases and “very inefficient” in 3% of cases. Generally, foreign respondents perceive Samsung Man less inefficient than respondents with Korean origin.

Table 17. Perceptions About Samsung Man Efficiency

How efficient or inefficient is Samsung-man in the workplace?		Nationality		Total
		Korean	Foreigner	
Very efficient	Count	6	0	6
	% of Total	8.1%	.0%	8.1%
Somewhat efficient	Count	30	5	35
	% of Total	40.5%	6.8%	47.3%
Neutral	Count	15	5	20
	% of Total	20.3%	6.8%	27.0%
Somewhat inefficient	Count	6	5	11
	% of Total	8.1%	6.8%	14.9%
Very inefficient	Count	0	2	2
	% of Total	.0%	2.7%	2.7%
Total	Count	57	17	74
	% of Total	77.0%	23.0%	100.0%

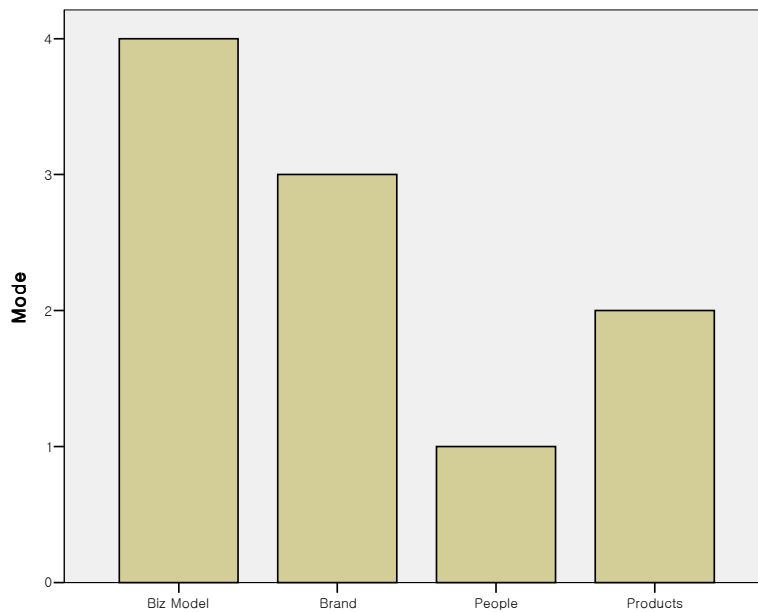
With regards to the strengths of Samsung Man, the respondents are referring to the responsibility and full involvement (Samsung employee will work “24/7” to finish his job), strong top-down leadership, professionalism, self-esteem and pride in their company, speed for high-prioritized tasks, good organization skills and ability to deliver results under the pressure.

On the other hand, the weaknesses of Samsung Man are perceived to be power seeking, conservative attitude, risk-aversion, lack of flexibility and diversity, weak co-operation skills. Narrow mind and excessive internal focus (“listen to boss more than customers”, insufficient open-source orientation, lack of external benchmarking and field trips), lack of creativity, reluctance to support ideas and tasks unless they come from the top, lack of challenge (“do-as-you are-told” style) ultimately blind people to changes in the market.

When asked to describe how Samsung Man can effectively compete against other companies (in example, against Nokia-Man, LG-Man), most of the respondents highlight the speed and extraordinary self-commitment to the goal. In addition to that, homogeneous characteristics within Samsung-men cut the time required for decision-making and allow more speed. Focus on excellence is another important competitiveness factor. However, many respondents point out that effective competition requires more flexible and lean organization.

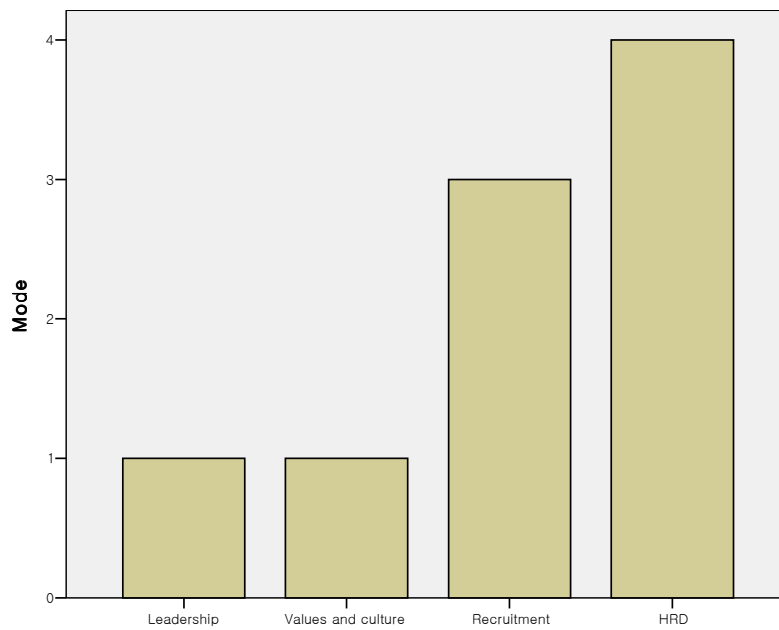
In the ranking of the key factors according to their importance to the growth of Samsung, “People” topped the list, followed by “Products”, “Brand”, and “Business Model” respectively.

Table 18. Samsung Success Factors



According to the respondents, the most important factor attributable to the productivity growth in Samsung is Leadership. Values and culture has been ranked second, followed by Recruitment and Selection and Human Resources Development functions.

Table 19. Key “People” Success Drivers



Chapter 4. Summary and conclusions

Thanks to the executive leadership, Samsung has made a fantastic turnaround and joined the ranks of the world-class companies. It is not an exaggeration to say that recent Samsung success has been also largely attributed to the efforts of thousands employees who devoted themselves to the company. Many these employees embrace the spirit of Samsung and, therefore, portrait a “Samsung-Man” phenomenon.

In the opinion of Samsung employees, Samsung-Man is a smart-and-neat looking, well-educated, loyal, highly responsible and success-oriented workaholic. He is perceived somewhat efficient in his workplace, striving for perfectionism amid tough competition. Despite the pressure from seniors and intensive corporate culture training, Samsung employees tend not to change their attitude in order to meet this set of Samsung-Man standards. Instead, they tend to maintain their individuality and secure group diversity.

As oppose to the stereotyped “Samsung-Man”, recently company aims all its employees share the new unique set of values. This should reshape Samsung-Man. Creativity, challenge, strategic focus, simplicity, speed, self-control, customer focus, crisis awareness and continuous strive for innovation should be the key properties of Samsung-Man in the future.

In a capital-intensive industry such as semiconductors and LCD, HR’s contribution is often widely advertised but seldom really appreciated.

Samsung problem is not to find better values but be faithful to those they speak. The chief challenge for the company is further simplification of the business processes and constant maintaining a sense of crisis at all times amid a record breaking performance. Thus, the company should carefully consider if they are failing to notice market changes because of obsession with success and being complacent

with present situation.

We can not conclude everything is success in Samsung. As outlined in this research, Samsung-Man is still often perceived to be a selfish, risk-averse, insincere, power-seeking conservative who lacks creativity and who can never figure out his work-life balance. In his context, Samsung's enemy is within. Samsung Man should keep the best qualities he has (responsibility, speed and challenge) and not fail to keep a pace with time and meet new demands – turning to be creative, innovative, broad-minded and flexible. This will set a real legend.

Like Samsung, many large Korean companies are in the process of transforming their HR systems and corporate values in response to increased competition in the domestic and overseas markets. These companies encounter the challenges similar to Samsung. Whether Korea's businesses can effectively overcome these challenges will significantly affect not only their performance but also the future economic growth of Korea.

APPENDICES

APPENDIX A. Analysis of Group-Wide Integration Programs of the Samsung Group

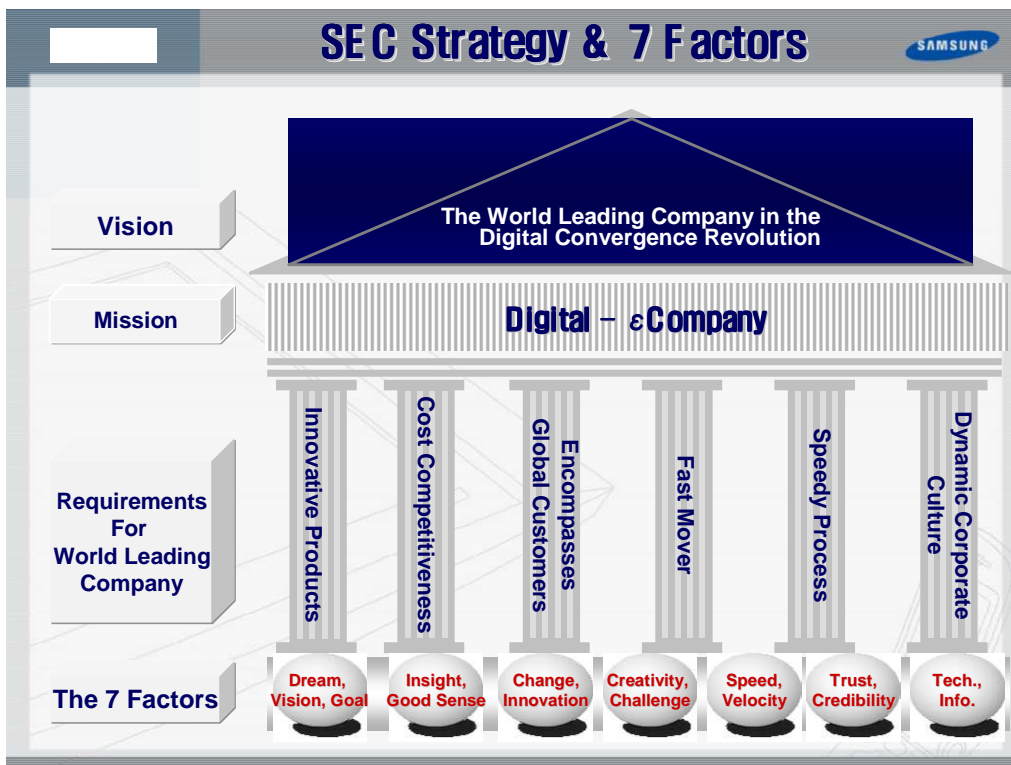
Content	Hour	Ratio (%)
1. Establishing right views of the country and the occupation	16.0	5.8
2. Instilling the Groups's management philosophy and Samsung's group spirit	55.5	20.0
3. Cultivating an energetic and aggressive Samsung man	55.5	19.8
4. Cultivating power to adjust to organization	17.0	6.1
5. Training basic functional tasks to perform well	49.5	17.8
6. Studying affiliated companies	34.4	12.4
7. Motivating for self-development	28.0	10.1
8. Others	22.5	8.1
Total	278.0	100.0

Source: Company Regulations, Training Guideline for New College Graduates Employees, 03-4-020, p. 16-1

APPENDIX B. Samsung 7 DNA



Source: Samsung Leadership Development Center



— . We endeavor, with a sense of urgent awareness of the fact that we cannot survive without innovation, to achieve future competitiveness by responding *Speedily* to the changes in the business environment and customer demand, and to maintain a sustained commitment to *Change & Innovation* based on our *Dream, Vision & Goal*.

— . We cultivate *Creativity & Challenge*, acknowledging that future competitiveness depends on the development of *Technology & Information* ahead of competitors.

— . We aspire to become qualified experts in our field with *Insight* to foresee the future, and the *Good Sense* to identify and take advantage of opportunities.

— . We create an open culture where employees are encouraged to make decisions and act proactively with a sense of ownership, based on the mutual respect of individuality and *Trust & Credibility*.

— . We pursue co-prosperity by maintaining relationships of Trust with shareholders and business partners, and facilitating sound management through mutual cooperation.

Source: Samsung Code of Conduct (2005)

7 Factors Diagnosis (2005 Employee Survey)

【Diagnosing 7 Factors】
SAMSUNG

【Personal Level】

【Scores】 ① Strongly Disagree ② Disagree ③ Middle ④ Agree ⑤ Strongly Agree

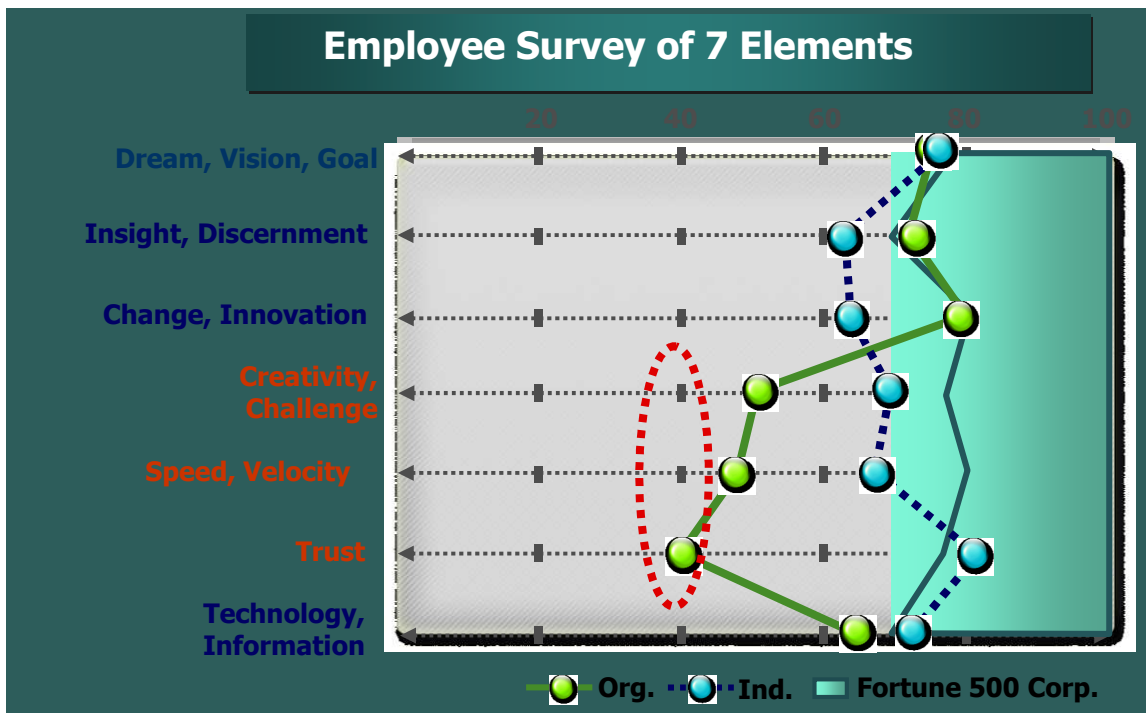
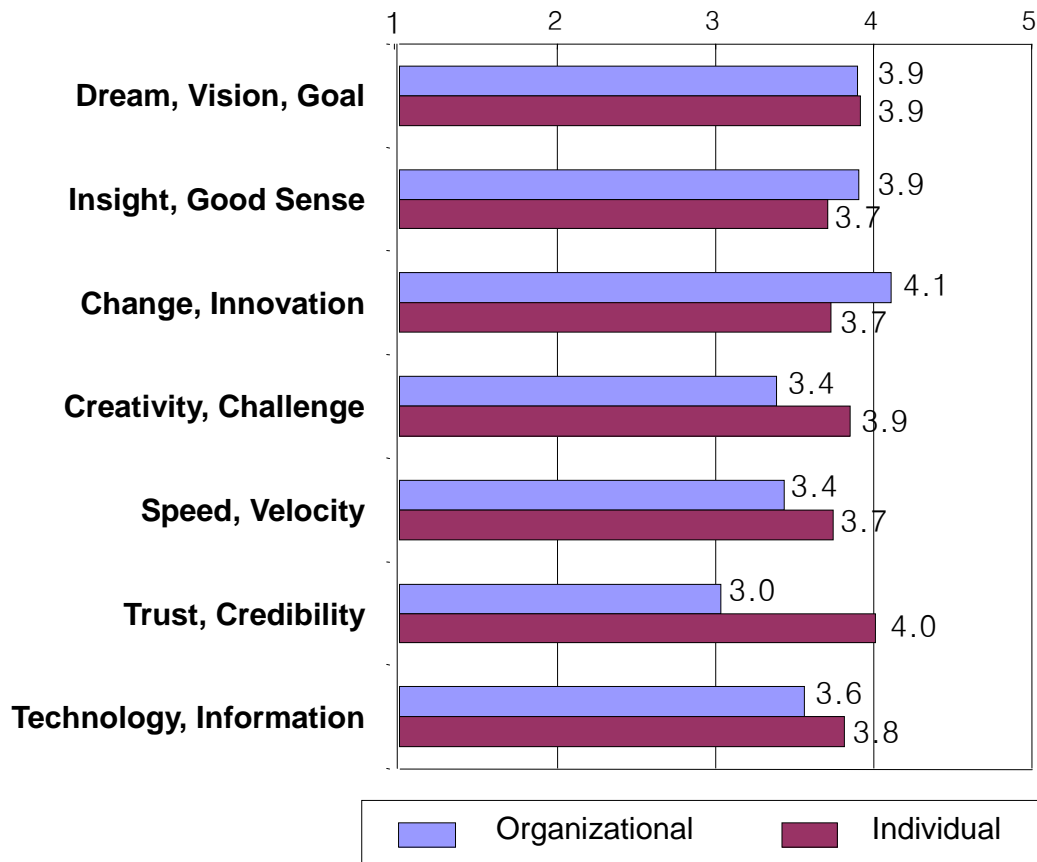
Items	Score	Total
☛ I clearly understand the vision and goals of my company.	① ② ③ ④ ⑤	
☛ I have my personal dream(s) and vision(s) and act accordingly.	① ② ③ ④ ⑤	
☛ I can distinguish the opportunities and dangers in the complex environment.	① ② ③ ④ ⑤	
☛ I have the knowledge and discrimination to see the core issue underneath the surface.	① ② ③ ④ ⑤	
☛ I understand my strengths and weaknesses and I continuously develop myself to overcome my weaknesses.	① ② ③ ④ ⑤	
☛ I continue to change myself for greater success in the future.	① ② ③ ④ ⑤	
☛ I approach my work with passion and challenging spirit.	① ② ③ ④ ⑤	
☛ I try new approach in my work and look for creative solutions.	① ② ③ ④ ⑤	
☛ I usually work faster and before anyone else.	① ② ③ ④ ⑤	
☛ I react and adjust quickly to the change(s) in the environment.	① ② ③ ④ ⑤	
☛ I cooperate openly, willingly and trustingly with my coworkers.	① ② ③ ④ ⑤	
☛ I show respect and courtesy to everyone regardless of their status or affiliation in the organization.	① ② ③ ④ ⑤	
☛ I continuously learn new skills and knowledge.	① ② ③ ④ ⑤	
☛ I openly share new information, knowledge and technology with others.	① ② ③ ④ ⑤	

【Diagnosing 7 Factors】
SAMSUNG

【Organizational Level】

Items	Score	Total
☛ I clearly understand the vision and goals of my company.	① ② ③ ④ ⑤	
☛ I have my personal dream(s) and vision(s) and act accordingly.	① ② ③ ④ ⑤	
☛ I can distinguish the opportunities and dangers in the complex environment.	① ② ③ ④ ⑤	
☛ I have the knowledge and discrimination to see the core issue underneath the surface.	① ② ③ ④ ⑤	
☛ I understand my strengths and weaknesses and I continuously develop myself to overcome my weaknesses.	① ② ③ ④ ⑤	
☛ I continue to change myself for greater success in the future.	① ② ③ ④ ⑤	
☛ I approach my work with passion and challenging spirit.	① ② ③ ④ ⑤	
☛ I try new approach in my work and look for creative solutions.	① ② ③ ④ ⑤	
☛ I usually work faster and before anyone else.	① ② ③ ④ ⑤	
☛ I react and adjust quickly to the change(s) in the environment.	① ② ③ ④ ⑤	
☛ I cooperate openly, willingly and trustingly with my coworkers.	① ② ③ ④ ⑤	
☛ I show respect and courtesy to everyone regardless of their status or affiliation in the organization.	① ② ③ ④ ⑤	
☛ I continuously learn new skills and knowledge.	① ② ③ ④ ⑤	
☛ I openly share new information, knowledge and technology with others.	① ② ③ ④ ⑤	

(2005 Employee Survey Results)



('05 Survey Result)

Source: Samsung Employee Survey on 7DNA, 2005

APPENDIX C. Survey Questionnaire

Study of 삼성맨

Dear Sir

Thank you very much for your interest in this survey, which is an essential part of a thesis paper to be submitted to KDI School of Public Policy and Management. This research aims to discuss different aspects of “Samsung-man” in the context of corporate values in Korean firms. This survey is done in the hope to understand the corporate culture and its role in organizational performance better.

In the following, please find a questionnaire that seeks to find out your evaluation of various aspects of “Samsung-man”. There is no right or wrong answer; you might choose any answers. Please make sure that you answer all the questions presented. We sincerely believe that it will provide us with important information and reference points so that we can clarify what Samsung-man is and to assess this phenomenon to our best knowledge.

Please be informed that all the information given by you would be treated confidentially. As such, your absolute honest response will be appreciated a lot. If you have any questions with regard to this questionnaire, please do not hesitate to contact us.

Thank you for your cooperation in advance.

KDI School of Public Policy and Management:

Survey coordinator:
Sergey Konovalov (010-8695-8166, donguan@kdischool.ac.kr)

Thesis supervisor:
Prof. Tony Mitchell (016-233-7840, tonymichell@mail.kabc.co.kr)

Section 1

General Stereotype

Samsung Electronics has been one of the most successful companies in the IT industry in the past years. It has been also quite notorious among Korean people for its unique corporate culture, nurturing special employee type known as “Samsung-man”. This part of questionnaire has been developed to find out your perceptions regarding “Samsung-man”. Please read the following questions carefully and answer them thoroughly.

1.1 Are you familiar with expression “삼성맨” (“Samsung-man”)?

- 1 Never heard (If you check this, please go to Question 3.4)
- 2 Heard but have very little understanding what it actually means
- 3 Heard many times and basically understand what it is about

1.2 Please specify, what comes to your mind when you think about “Samsung-man”, what do you imagine?

Visual (looks, clothes etc.)	
Lifestyle (family, friends, education, sports, leisure etc.)	
Behaviour (attitudes, psycho type, personality traits etc.)	
In workplace (attitude, management style, expectations, performance, motivation etc.)	
Others	

Section 2

Specific Issues

In this section, we will ask you about your opinion on various issues related to Samsung-man.

2.1 What are the characteristics you associate with “Samsung-man”? (Please check all that apply!)

- 1 Positive thinking
- 2 Responsibility
- 3 Future-orientation
- 4 Harmonious relationships with others on the job
- 5 Execution with determination
- 6 Effectiveness
- 7 Creativeness
- 8 Sincerity
- 9 Self-motivation
- 10 Aggressiveness
- 11 Honesty, integrity
- 12 Loyalty

2.2 Which one of the Samsung companies represents the spirit of “Samsung-man” best? (Please check only ONE!)

- 1 Samsung Corporation
- 2 Samsung Electronics
- 3 Samsung Securities
- 4 Samsung Heavy Industries
- 5 Samsung SDS
- 6 Cheil Communications
- 7 Samsung Lions
- 8 Other (Specify _____)

2.3 Do you consider yourself as Samsung-man?

- 1 No
- 2 Somewhat
- 3 Yes

2.4 Since you entered Samsung, do you think you have changed to be more alike Samsung-man?

- 1 No (If you check this, please go to Question 2.6)
- 2 Somewhat
- 3 Yes

2.5 What made you change towards being more alike Samsung-man?

Please rank the below factors according to their degree of influence on you assigning 1 to the most important factor and 4 to the least important factor.

Key shaping factors	Rank
Corporate training	_____
Seniors, supervisors	_____
Other colleagues	_____
Other (_____)	_____

2.6 Do you think the characteristics of Samsung-man are changing?

- 1 No (If you check this, please go to Question 2.8)
- 2 Somewhat
- 3 Yes

2.7 What changes for Samsung-man do you foresee in the future?

To what extent do you agree or disagree with the following statements:

	Stron gly Disag ree	Disag ree	Neutr al	Agree	Stro ngly Agr ee
2.8 Samsung-man is a clearly defined stereotype.	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
2.9 I can call most of my colleagues "Samsung-men".	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
2.10 Managers around me can be qualified as Samsung-men.	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
2.11 There is a great diversity among people in Samsung.	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
2.12 Samsung-man is the driving force for Samsung success.	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
2.13 I would be proud to be called Samsung-man.	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
2.14 In Samsung, generally I feel that:					
a) business processes are complex rather than simple	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
b) decision-making is slow rather than fast	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
c) challenge is encouraged	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
d) new ideas are not appreciated	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
e) people are never content with achievements	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
d) customers are listened and considered	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
e) people strive for continuous change	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

Section 3

Performance

Now, we want you to provide your overall opinion by considering all the above-examined aspects.

Performance Assessment

Very efficient Some what efficient Neutral Some what inefficient Very inefficient

3.1 Considering all the aspects that you have examined above, how efficient or inefficient is Samsung-man in the workplace? 1 2 3 4 5

3.2 What do you think are key strengths and weaknesses of Samsung-man at work?

3.3 Please describe, how Samsung-man can effectively compete against other companies (i.e. Nokia-man, LG-man)?

Success Factors (1)

3.4 Please rank the below factors according to their importance to the growth of Samsung, assigning 1 to the most important factor and 4 to the least important factor.

Key growth drivers	Rank
Biz Model	_____
Brand	_____
People	_____
Products	_____

Success Factors (2)

3.5 Please rank the below factors attributable to productivity growth in Samsung, assigning 1 to the most important factor and 4 to the least important factor.

Key "People" drivers	Rank
Leadership	_____
Corporate values and culture	_____
Selection and Recruitment	_____
HRD	_____

Section 4

Demo

Now, we are going to ask some information about yourself. This information is needed for the meaningful analysis of responses. We assure you that the information gathered will be used for data analysis purpose only and will be kept confidential.

4.1 What is your nationality?

- 1 Korean
- 2 Foreign

4.3 What is your job scope?

- 1 HR
- 2 Other

4.2 How many years did you work for Samsung?

- 1 Less than 1 year
- 2 1-8 years
- 3 Over 8 years

4.4 What is your current position level?

- 1 Non-supervisory / Staff
- 2 Supervisory / Managerial

APPENDIX D. Corporate Songs

The Lucky-Gold Star Song

We are the young workers of this country,
File and rank moving forward for prosperity filled with worthy efforts.
We are colleagues united with love,
Building a culture of paradise with our own hands.
Pride of the country, Lucky-Gold Star.

We are industry soldiers leading the times.
With our new and continuous creativity and study
And where we accomplish our holy mission
There is happiness for our race and mankind.
Pride of the country, Lucky-Gold Star
Stretching toward the world, Lucky-Gold Star.

The Samsung Song

We're all one loving family
Let's be one with love
Aiming for human race's happiness
Let's build a great dream of future
With wisdom and courage
Oh, Samsung Samsung!
A great name that aims high
Oh, Samsung Samsung!
You're the light shining on the whole world

APPENDIX E. Samsung Electronics Business Profile

Year	Net Sales	Op. Profit	Net Income
2003	37.9	6.5 (17%)	5.2
2004	55.3	11.5 (21%)	10.3
2005 (exp.)	60.0	8.5 (14%)	7.8
2006 (exp.)	65.0	8.0 (12%)	8.8
2007 (exp.)	77.0	10.3 (13%)	10.0

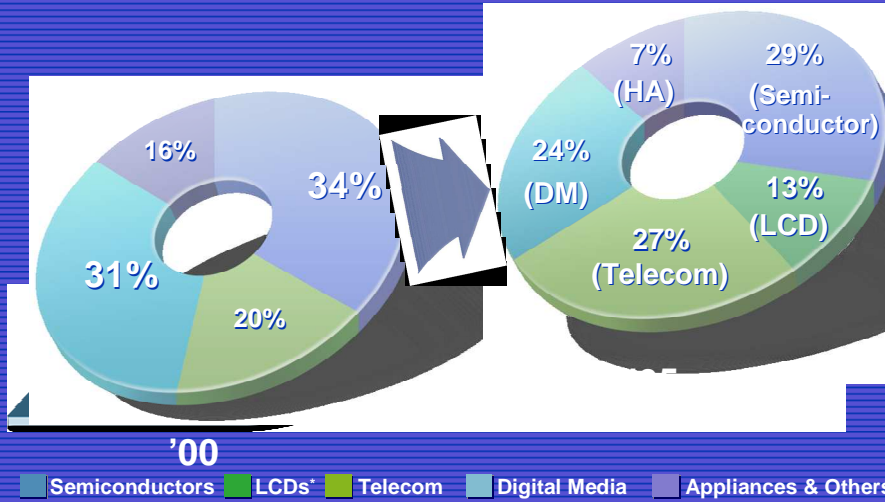
* - unit: USD billions

Source: securities companies



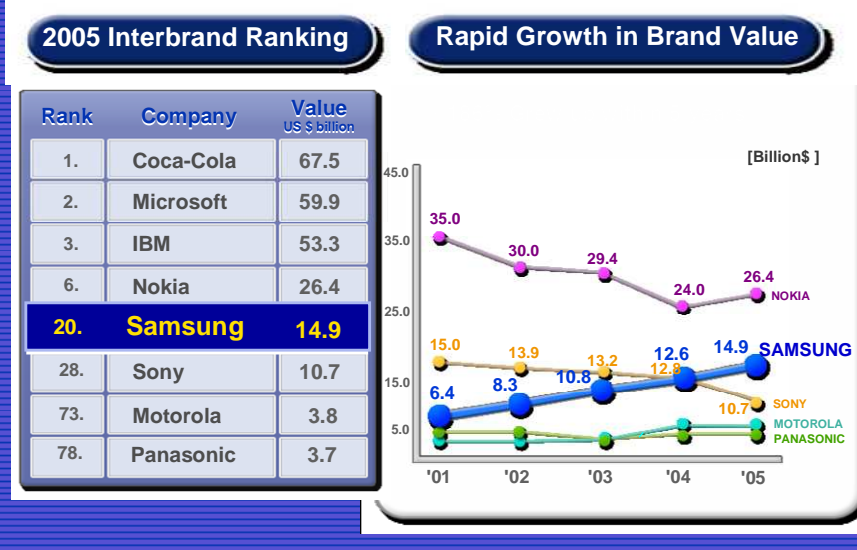
Source: Company data

Most balanced Biz Portfolio



Source: Company data

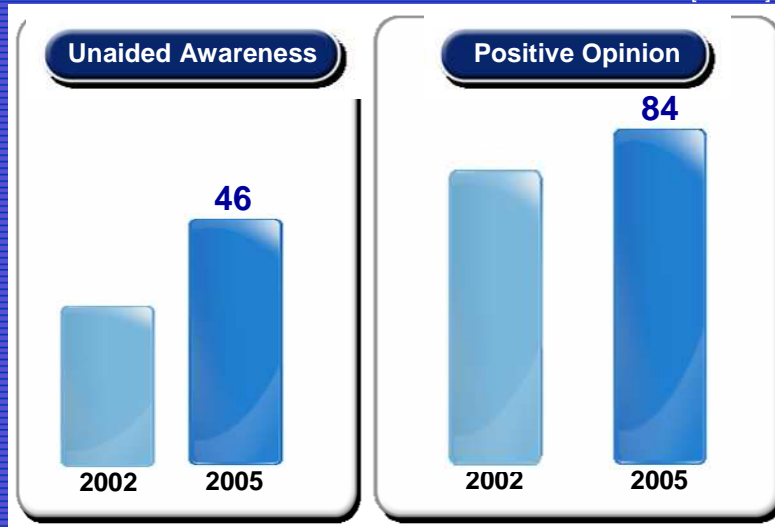
Samsung's Brand Value



Source: Company data, Interbrand data

Samsung's Brand Value

[Unit: %]



Source: Company data, GfK data

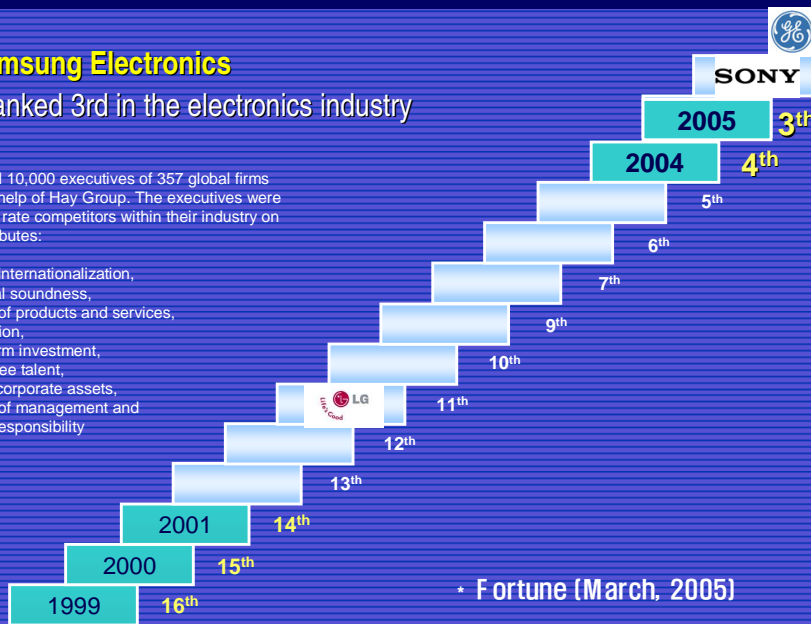
The World's Most Admired Company

▽ Samsung Electronics

: Ranked 3rd in the electronics industry

surveyed 10,000 executives of 357 global firms with the help of Hay Group. The executives were asked to rate competitors within their industry on nine attributes:

- level of internationalization,
- financial soundness,
- quality of products and services,
- innovation,
- long-term investment,
- employee talent,
- use of corporate assets,
- quality of management and
- social responsibility



Source: Company data, Fortune Magazine

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Samsung Electronics internal documents and sources

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