Korean Society and Culture

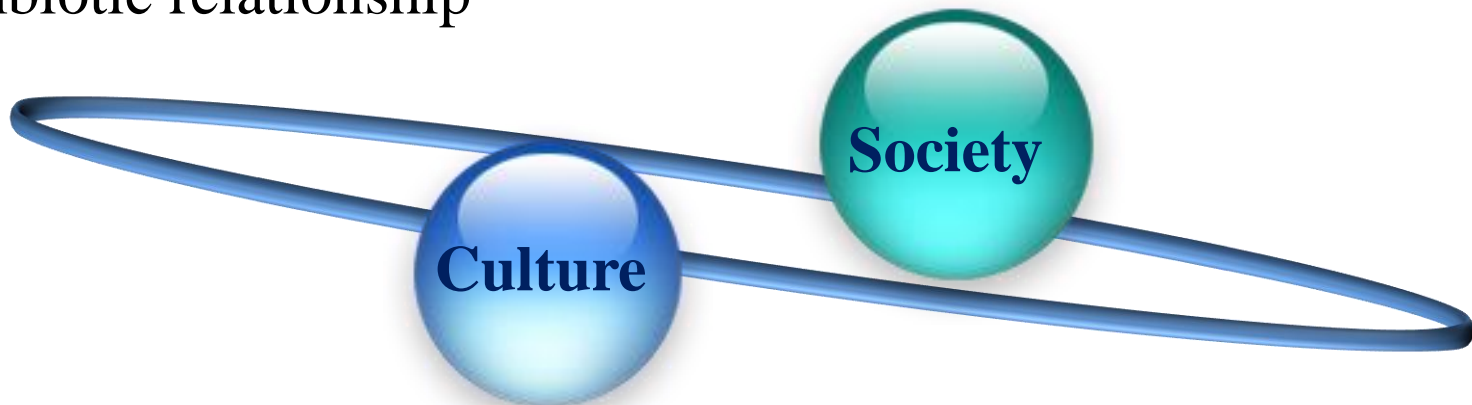Korea University
Prof. Mannsoo Shin

Ⅰ. Introduction

- What determines the success or failure in conducting business with people from other cultures?

Job-related expertise	Cultural sensitivity and responsiveness

- What is culture?

-Anthropology perspective and Management perspective

- Symbiotic relationship

Ⅱ. Korean Culture

- Cultural Models

  - Kluckhohn & Strodtbeck

  - Hall

  - Hofstede

1. Klockhohn & Strodtbeck's Model

Dimension	Orientation	Managerial Implication
Human nature	·Good	·Theory Y, Trust
	·Evil	·Theory X, Distrust
	·Mixed	·Role of Managers
Human-nature relationship	·Mastery of nature	·Control and planning, organizational change
	·Harmony with nature	·Avoidance of conflicts, respect for others
	·Subordination	·Negative reaction to organizational change
Human relations	·Individualistic	· Individualistic interest over group interest, competition
	·Collective (horizontal)	·Interpersonal relations in a group
	·Collective (vertical)	·Respect for authority, seniority, hierarchy
Activity mode	·Active	·Performance, high task orientation
	·in being	·self-control
	·Passive	·Less emphasis on planning and performance, Status given by birth
Time orientation	·Future	·Future planning than past performance, training
	·Present	·Current issues
	·Past	·Past performance and tradition
Space orientation	·Private	·Private ownership of space
	·Mixed	·Division of private and public space
	·Public	·Co-ownership of space

2. Hall's Model (High vs. Low Context Culture)

German

Scandinavian

US/Canadian

British

Spanish

Arab

Vietnamese

Japanese

Korean

Chinese

Low Context

. Non-verbal Comm.
. Negotiation
. Legal orientation
. Authority
. Group membership
. Personal Trust and
  relationship

High Context

3. Hofstede' Model

-**Individualism-Collectivism**

-**Power Distance**

-**Uncertainty Avoidance**

-**Masculinity-Femininity**

-**Long-term Orientation**

Individualism versus collectivism

- Individualism—low dependence on organization (others) and desire for personal time, freedom, and challenge

    - self-actualization a prime motivator

    - US, Australia, UK, Canada

- Collectivism—dependence on organization (others)

    - value secure physical and social environments

    - Latin America, Asian countries

    - In group vs. out group distinction (trust)

    - differs based on reference-group (kinship, or workplace)

- Influences how employees interact with their colleagues

- Advertising theme (family, group themes,…)

Power distance—describes relationship between superiors and subordinates

- High—people prefer little consultation

  - autocratic or paternalistic management

  - Latin America, Asia

- Low—consultative styles preferred

  - easier to implement worker participation

  - Nordic Europe, US, Canada

- Decision making, leadership, organizational structure, relationship,…

- High in some industries and departments in the organization

- Korean firms in the US

IND-COL vs. Power Distance
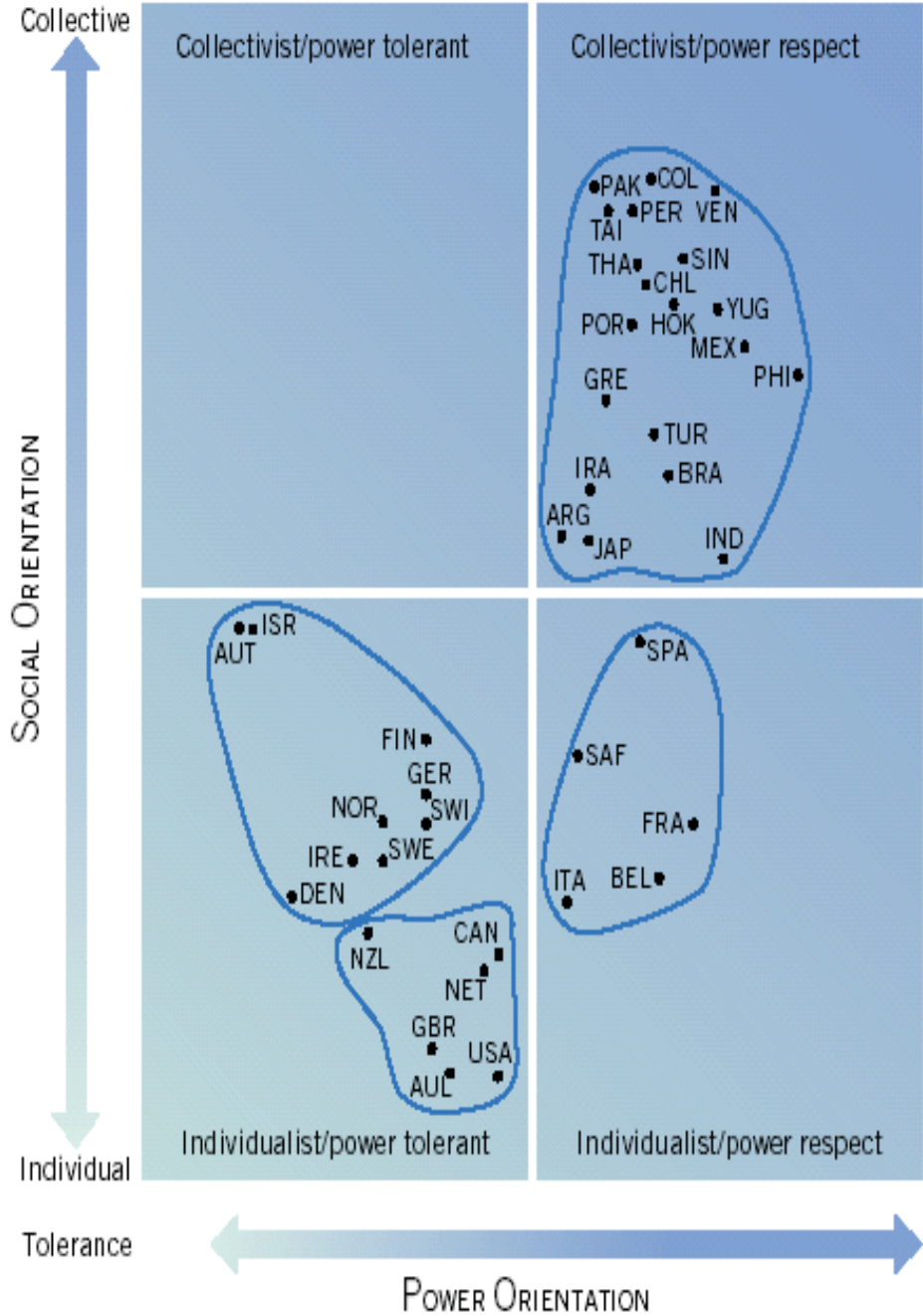
ARG	Argentina	FRA	France	JAP	Japan	SIN	Singapore
AUL	Australia	GBR	Great Britain	MEX	Mexico	SPA	Spain
AUT	Austria	GER	Germany	NET	Netherlands	SWE	Sweden
BEL	Belgium	GRE	Greece	NOR	Norway	SWI	Switzerland
BRA	Brazil	HOK	Hong Kong	NZL	New Zealand	TAI	Taiwan
CAN	Canada	IND	India	PAK	Pakistan	THA	Thailand
CHL	Chile	IRA	Iran	PER	Peru	TUR	Turkey
COL	Colombia	IRE	Ireland	PHI	Philippines	USA	United States
DEN	Denmark	ISR	Israel	POR	Portugal	VEN	Venezuela
FIN	Finland	ITA	Italy	SAF	South Africa	YUG	Yugoslavia

Uncertainty avoidance

- High—prefer set rules and lifetime employment

    - supervisors need to be precise and assured in the directions when issuing directives

    - Greece, Portugal, some Latin American countries, Japan, Korea

    - Singapore, Hong Kong, India, Southeast Asia, Sweden, UK, US

    - employees prefer set rules

    - customers less willing to try new products

    - formalization, decision making pace

    - high tension and stress (religion, medicine)

Masculinity Femininity index—degree of admiration for success, sympathy for unfortunate, preference for being better than others

- High masculinity cultures

    - roles differentiated by gender

    - men should dominate

    - Japan, Latin America, UK, US

- Low masculinity culture

    - need for smooth social relationships

    - employee and social welfare has higher priority than growth and efficiency

    - Nordic Europe

Ⅱ. Korean Culture

Historical background

- Historical developments have been instrumental in shaping the Korean culture and society
- Koreans are descendants of a single ethnic group
- Koguryo, Baekje and Shilla Dynasties(BC 57 – AD 668)
- Shilla Dynasty (united, AD 668 - 935)
- Koryo Dynasty (935 – 1392)
- Chosun Dynasty (1392 – 1908)
- Continuous struggles with China, Mongols and Japan

-The Hermit kingdom (during the late nineteenth century)
-Japan's control, followed by a division of Korea by external forces

- Korea developed strong nationalism
- Literary culture vs. warrior culture

4. Korean Culture

- Hierarchical collectivism
- Patriarchal familism
- Authoritarianism,
- Status consciousness
- Secularism
- Nationalism

◆ **Patrilineal Stem Family Structure in Korea**

. Partilocal (eldest son) and neolocal marriage (other children)
. Not equitable inheritance among children, ancestor worship service
. Succession to the headship upon the death of the father

. 'big house,' and 'little house(s).' 'big father,' and 'little father(s).'
. More wealth accumulating, stronger house head's authority, and hierarchical relations
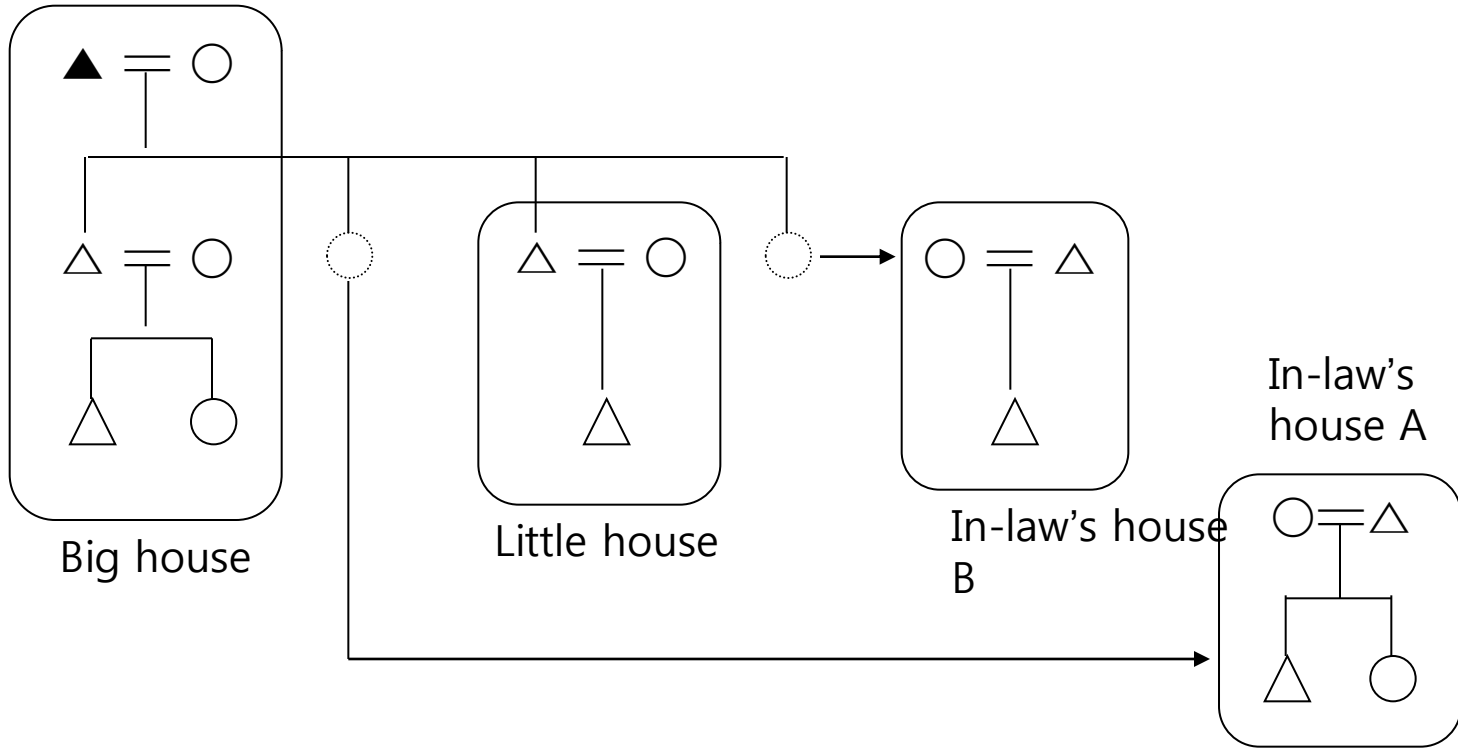
Korean Patrilineal Stem Family Cycle

1. Nuclear big house

Big house

2. Stem big house

In-law's house A

3.

Big house

Little house

In-law's house
B

In-law's
house A
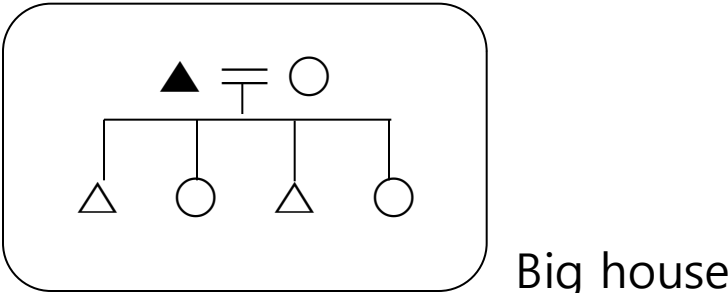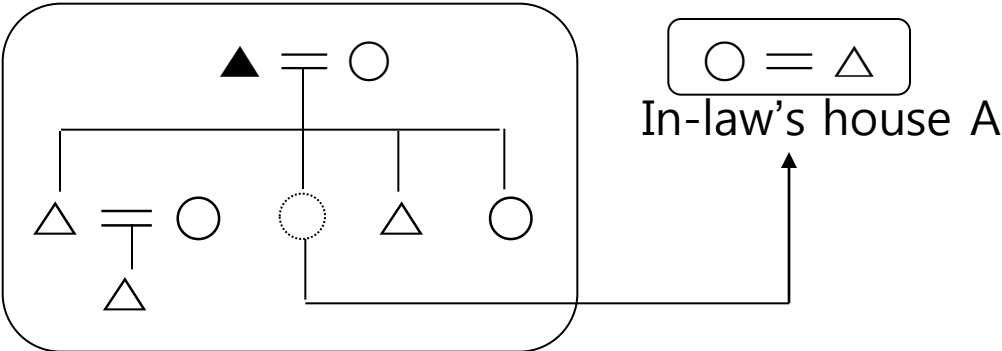
Ⅱ. Korean Culture

Religious background

- Korean society includes a wide variety of religious elements
-Frequent disruptions by foreign incursions
-The rulers employed religious doctrines as legitimization

-Shamanism
-Buddhism (The three-Kingdom Era in the 4th century until Koryo Dynasty)
-Confucianism(Chosun Dynasty)
  ·The most significant and everlasting impact on Korean society
  ·Development of hierarchical collectivism
  ·Strong familism and stress of education
  ·Korean language
-Christianity(After Korean War)
  ·Connection to Western culture, modern social system

Confucianism

- A general approach to life than a religion

- East Asia

- Confucians(551-479 BC) stressed stability and harmony

    -Interpersonal relations

    -Individual ↔Society relations

    -Golden Mean(compromising)

    -Ii (ex. Rituals for proper conduct according to status)

    -The five cardinal relationships

    (Ruler to people, husband and wife, parent to child, older to young, friend to friend)

Korean Husband and Wife

Korean Preference of Son over Daughter

Respect for Old Parents

Buddhism

- The goal of Buddhism is nirvana(absence of desire and sufferings)
- Do not take life, do not steal, do not commit adultery, do not tell untruths, and refrain from intoxicants.
- One's economic status is the result of Karma accumulated over the course of past existences.
    - humble, patient and tolerant.

Ⅱ. Korean Culture

Korean Industrialization

▪ The transition of traditional Korean society

-Before 1960s, hierarchical society under traditional culture
 ·Patriarchal familism
-From 1960s, The industrialization of the Korea economy
  ·Mobility, urbanization, rural depopulation, changes in family structure
  ·Rapid urbanization transformed the nature of Korean families from
   the traditional family to a 'nuclear family'
  ·Christianity contributed to enhancing equality
  ·Increased economic independence weakened the relationship between
   parents and children

▪ The change of Korean value system

-Morality and humaneness → Materialism → Post-materialism
-The new value system (self-realization, economic security and stability,
  self-esteem and pursuance of higher social standing)

Ⅱ. Korean Culture

Modern Korean society

- Korean society is still considered collectivist in comparison to Western society
- A strong Confucian tradition

- With familism, other bases of group associations are important
- Schools, regions, companies, ties of friendships, Alumni associations

- Strong nationalism protected Korean business from foreign competition
- Korean business reflects Korean society and family
- Corporate familism
- Discrimination against women

Ⅱ. Korean Culture

Korean Society after the 1997 financial crisis

▪ Through the bitter experience of the 1997 financial crisis, Koreans and Korean society have once again become transformed

- Korean businesses became more competitive in the global market for their survival
  ·Korean clan management → Western management system
- With fierce competition, high uncertainty and insecurity rise
  ·Job market, Marital status, dynamic changes in family
- The nature of human resources changes to professionals
  ·The social status of women changes
- Information society
  ·Multimedia communications make Koreans adopt multiculturalism

Change in Korean Economic and Social Environment
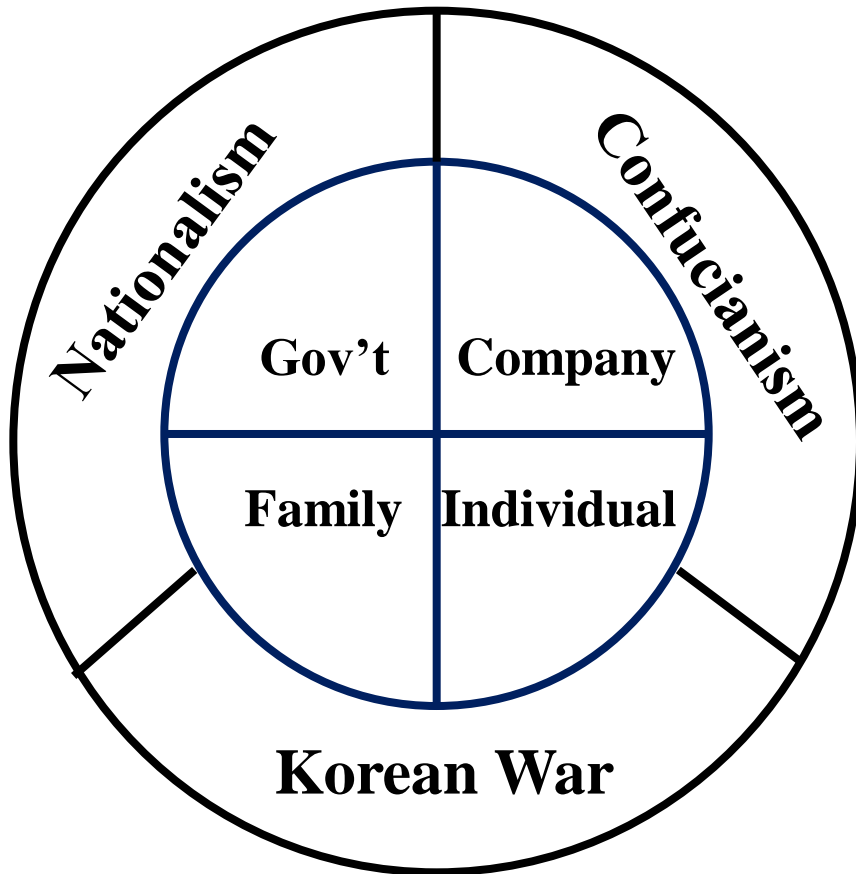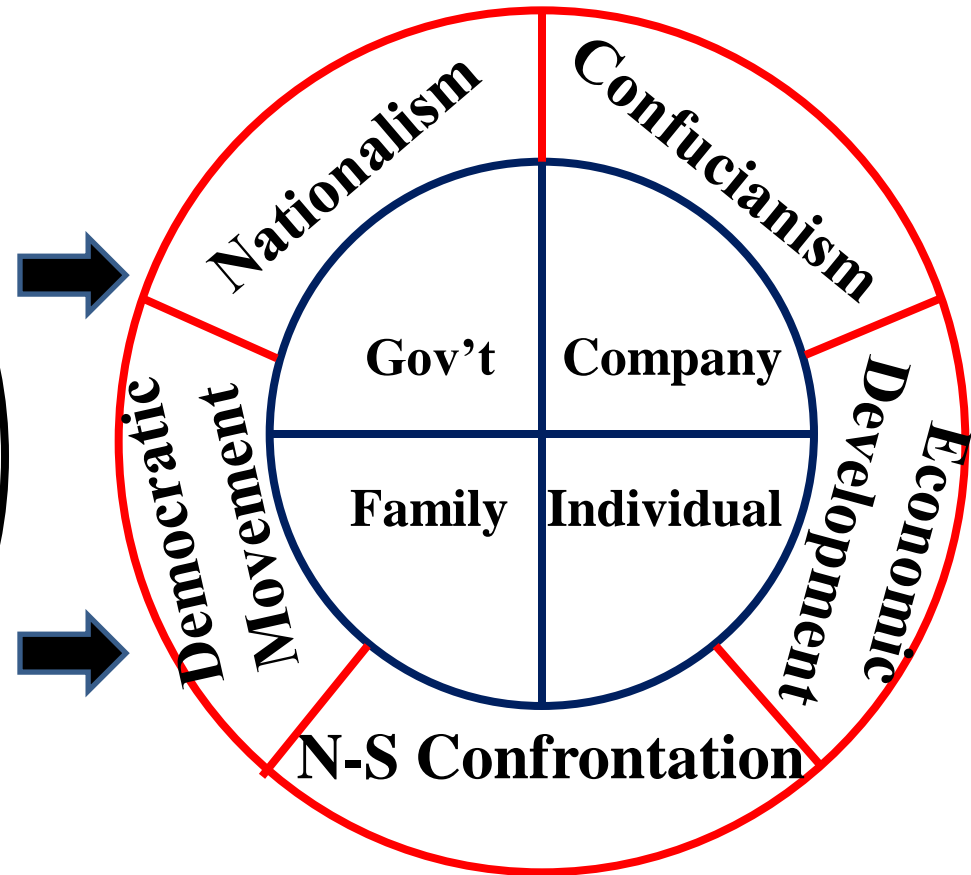
Seoul Apartment Complex

Rush Hour

Private Educational Institutes

Confucian culture (Ancestors memorial service)

Confucian culture (Sa-Bal-Sik)

Early Morning Exercise at Factory

Yoido Full Gospel Church

- Total number of membership: about 600,000
- Total number of pastors: about 100

Membership training

Office view

Adult entertainment district

Cheers!

Social Get-togethers

Business Negotiation in Korea

Korea University
Prof. Mannsoo Shin

Meeting the Business Partner For the First Time

- Shake hands
- Exchange business cards
- Ice breaking
- Build goodwill

- Things to avoid

Ⅲ. Business negotiation in Korea: cross-cultural aspects

Korean approaches to business negotiation

- **Negotiation**
- The process of discussion and bargaining between two or more
  parties over opportunities and disputes to reach an outcome
- Involves interaction and communication
- International business negotiation(=intercultural negotiation)

- **International business with Koreans**

Korean perspective		Foreign counterparts perspective

Effective negotiation with Korean business partners

Ⅲ. Business negotiation in Korea: cross-cultural aspects

Models of international business negotiation

- The most relevant two models

Graham(1981) model

Weiss and Stripp(1985) model

- Non-task sounding
- Task-related exchange information
- Persuasion
- Concessions and agreement

Ethical standards

- The basic concept of negotiation
- The types of issues that are most significant
- Selection of negotiators
- Individuals' aspirations
- Decision-making in groups
- Orientation toward time
- Risk-taking propensity
- Bases of trust
- Concern with protocol
- Communication complexity
- Nature of persuasion
- Form of agreement

Ⅲ. Business negotiation in Korea: cross-cultural aspects

Korean cultural traits relevant to business negotiation

- **Korean culture has developed over a long history in isolation**

-Hierarchical collectivism, reciprocity and moderation, Patriarchal familism, authoriatrianism, status consciousness, secularism and strong nationalism

-A long-term perspective in decision-making

- **The Korean business sector has embraced traditional Korean culture.**

-Highly vertically structured organizations and strong corporate familism

-Top-down decision-making system

-Effects from globalization and Information era

Ⅲ. Business negotiation in Korea: cross-cultural aspects

Characteristics of Korean's negotiation process

▪ **Basic concept of the Negotiation process**

-Business people tend to approach business negotiation with one
  of two basic attitudes or strategies
  ·Taking a negotiation as a process in which both parties can gain
  ·A struggle in which one side wins while the other loses

▪ **Korean's perspective toward negotiations**

-Negative and passive attitudes

-A zero-sum or win-lose game

-View counterparts as adversaries and seek to win

-'I win now-and you win next'

Ⅲ. Business negotiation in Korea: cross-cultural aspects

Characteristics of Korean's negotiation process

■ **Most significant types of issues**
-Four types of issues during business negotiation
·Substantive, Relationship-building, Procedural and personal

-Koreans put emphasis on personal relationship on the basis of
 mutual trust
-Status conscious and face conscious culture
  ·Speed of negotiations could be different depending on the
   negotiator's status within the organization
-Substantive issue with typical negotiation behavior
  ·Seller calls for high price and buyer calls for low price
  ·Koreans are reluctant to provide information

Ⅲ. Business negotiation in Korea: cross-cultural aspects

Characteristics of Korean's negotiation process

- **Selection of Negotiators**

-Negotiating experience, status, gender, ethnic ties, knowledge of
 the issue, and personal attributes

-Social status is an important element of relationship and interaction
 ·Korean negotiators stress highly the personal attributes of their
 counterparts
 ·Negotiation teams are large and mainly composed of males with one
 leader

-Paternalistic style of management
 ·Top-down decision making system

Ⅲ. Business negotiation in Korea: cross-cultural aspects

Characteristics of Korean's negotiation process

▪ **Individuals' aspiration**

-In collective Korean society, a negotiator is expected to suppress individual desires and goals

▪ **Decision-making in Groups**

-Top-down decision making system

-Frequent Disruptions to the negotiation process

▪**Orientation Toward Time**

-Monochromic and polychromic time orientations

-Koreans have a non-linear view of time or polychromic attitude

-Once a negotiation has been concluded successfully, it will be viewed as a long-term relationship

Ⅲ. Business negotiation in Korea: cross-cultural aspects

Characteristics of Korean's negotiation process

▪ **Risk-taking propensity**

-Koreans are highly risk averse

-Prefer lifetime employment and the seniority system

-Lack of flexibility and creativity

▪**Bases of Trust**

-Trust fits with the overall emphasis on relationships in oriental
  group society

-The base of morality is 'shame' in oriental society

-Koreans seek to test the trustworthiness of people before doing
  serious business relationship

-Any extant connections

Ⅲ. Business negotiation in Korea: cross-cultural aspects

Characteristics of Korean's negotiation process

▪ **Concern with protocol**

- 'Status' and 'face' have particular importance
- Different social status, according to age, social reputation and rank in organization
- Exchange business cards and find counterpart's respective position

▪ **Communication complexity**

- Korean language is a high-context language
- Face-consciousness and an emphasis on harmonious relationships are reflected in Korean conversation
- Non-verbal communication: little facial expression and few had motions

Communication Pattern

- Non-verbal communications (silence, facial expressions)
- Meaning of 'Yes' or 'No' (High Context Culture)
- Personal loyalty takes precedence over fairness
- Face or shame concept over ethics
- *Kibun*('feelings' or 'mood') should be protected and maintained
- Frequent use of *'Duck-Dam'* (flattery)
- Avoiding being critical of others
- Same words, but different connotations (fat, friend)
- Frequent use of 'Woo-ri' (We)

- **Frequently asked questions by Koreans when they meet people first time:**

  - How old are you ?

  - Where do you work?

    Which department are you working for?

  - How long have you been there?

  - Which university (or high school) did you graduate from?

  - Do you know Mr. Kim I know?

  - Are you married? How many children do you have?

    Why didn't you get married?

- **Sensitive Topics:**

  - Criticizing others (especially supervisors and colleagues)

  - Comparative mention of Japan versus Korea

Question 1: Which of the followings would be the most culturally pleasing statement to your Korean business partner (or employee)?

A. Thank you for introducing me your wife. She is such a beautiful lady.

B. Unlike typical Korean, you have a very interesting and exciting life.

C. Your secretary told me that your son entered Korea University this March. You should be proud of your son.

D. Frankly speaking, you probably need more aggressive attitude like Mr. Kim, and I am sure that you will get the promotion you need next time.

Question 2: If you say, "Your daughter is such a beautiful lady" or "Your son is a really smart man," what response would you be likely to get from your Korean business partner (or employee)?

A. Thank you very much. I think so, too.

B. Well, I am not sure about that.

C. Your compliments are a bit too much. She (he) is still a kid.

D. Do you really think so? Actually, she was recently proposed a marriage by a young entrepreneur. (or Actually, he was offered a job from Samsung Electronics.)

Ⅲ. Business negotiation in Korea: cross-cultural aspects

Characteristics of Korean's negotiation process

▪ Nature of Persuasion

-Due to hierarchical and stratified nature of Korean culture, Koreans are not accustomed to carrying on systematic, logical arguments

-Koreans feel uncomfortable with the expression of a different opinion, disposition and extended arguments

-Koreans are inclined to use persuasion behind the scenes

▪Form of Agreement

-Koreans are more familiar with implicit forms

-Koreans have a historical distrust of legalism

-A contract and details can be worked out over time as the contact is implemented

-Koreans may request further concessions after the deal has been closed

Ⅲ. Business negotiation in Korea: cross-cultural aspects

Ethics of business negotiation in Korea

- Ethics issues – standards of truth-telling (Lewicki et al. 2004)
- Six categories of deceptive tactics

Misrepresenting one's position to an opponent	Bluffing
Emotional manipulation including faking anger or fear	Misrepresentation to the opponent's network
Misrepresentation and selective disclosure of information	Inappropriate information collection by means of bribery, infiltration and spying

- Koreans' negotiation tactics

The ethical appropriateness, effectiveness and adoption likelihood of Koreans' preferred negotiation tactics

	Ethical appropriateness rating	Effectiveness rating	Adoption likelihood rating
Physical discomfort	4th	3rd	3rd
Traditional competitive bargaining	1st	1st	1st
Bluffing	3rd	5th	5th
Persuasive argument	2nd	2nd	2nd
Avoidance	5th	4th	4th

Ⅲ. Business negotiation in Korea: cross-cultural aspects

Implications for International business in Korea

Q) What should foreigners do to achieve success in business negotiation in Korea?

- Appreciation of different negotiation practices
- Understand negotiation ethics
- Improve bargaining position through learning Korean business environment, organizational structure and decision-making system
- Respect salient Korean culture

Ⅳ. Conclusion

- ▪ **Korean culture**

-Korean culture is determined by various factors

-Religious doctrines, language and the education system change

-Political and economic systems

-Global trends with epoch-making changes

-A new Korean culture: balancing between a dragging force and an advancing force

- ▪**Business negotiation in Korea**

-Cross-cultural negotiation

-Distinctive Korean style of business negotiation

-It is necessary for foreign negotiators to conduct successful business relations with Korean companies through knowledge, respect, sensitivity and judicious planning

Q&A