

**Univerzita Palackého v Olomouci  
Filozofická fakulta**

# **BAKALÁŘSKÁ PRÁCE**

**2021**

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FILOZOFICKÁ FAKULTA

Vplyv kórejskej histórie na súčasné riadenie ľudských zdrojov  
v kórejských spoločnostiach

The influence of Korean history on present human resource  
management in Korean companies

**Bakalářská práce**

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Olomouc 2021

### Prohlášení

Místopřísežně prohlašuji, že jsem bakalářskou práci na téma: „Vplyv kórejskej histórie na súčasné riadenie ľudských zdrojov v kórejských spoločnostiach“ vypracoval samostatně pod odborným dohledem vedoucího bakalářské práce a uvedl jsem všechny použité podklady a literaturu.

V Olomouci dne. ....

Podpis .....

I would like to take this opportunity to express my sincere thanks to Doc. Ing. Jaroslava Kubátová Ph.D. for her valuable advice, help, and patience in leading my bachelor's thesis. Expressing your confidence in my ability, especially at a time when I was losing motivation and self-confidence, significantly contributed to the writing of this bachelor's thesis.

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## **Introduction**

For thousands of years, the Korean peninsula had been home to a mighty kingdom, which later became an empire. At the beginning of the 20<sup>th</sup> century, the Korean Empire had fallen on its knees to become a Japanese colony. The Second World War officially ended as Japan announced its capitulation. The Korean peninsula had gained long-desired freedom but undergone a division into two separate countries along the 38<sup>th</sup> parallel. Newly established countries, the Republic of Korea and the Democratic People's Republic of Korea were in mutual opposition. In the year 1950, the situation escalated and the Korean War (1950-1953) broke out. The war had a disastrous effect on the economy of the Republic of Korea. The Korean society was left with a country in shambles.

In the 1950s the Republic of Korea was one of the poorest countries in the world. However, in the 1960s began an era of rapid economic growth referred to as the Miracle on the Han River, of the Republic of Korea better known as South Korea (Asian Century Institute, 2015). Nowadays, South Korea is one of the leading economies of the world. This feat won South Korea a place among the three Asian Tigers along with Singapore and Hong Kong. These countries had experienced rapid economic growth and industrialization from the 1950s until the late 1990s, earning a title of a Tiger economy. Now South Korea is a member of several international institutions and organisations such as the ASEAN, APEC, G20, IMF, OECD, UN, WHO, or WTO.

Currently, we are all familiar with products from South Korean conglomerates like Hyundai, Kia, LG, or Samsung. These conglomerates, also known as chaebols, were major beneficiaries of export-oriented industrialisation. However, the workers were the most indispensable element of the South Korean economic miracle (Hwang, 2017, p. 199-200).

I chose the topic of my bachelor's thesis "The influence of Korean history on present human resource management in Korean companies" not only because of the current importance of the South Korean economy but my long-lasting interest in South Korea.

Through a study abroad at Soonchunhyang University, I had the opportunity to familiarise myself with the tangible and intangible legacy of the economic miracle.

Personal experiences and interviews with residents were incredibly enlightening and helpful.

The main goal of the thesis is to analyse and evaluate the impact of historical developments on present human resource management in Korean companies. The thesis is structured into five chapters. The first chapter describes and analyses Korean modern history, focusing especially on the economic and social impact of Japanese colonial rule, the division of the Korean peninsula, the Korean War, and the post-war influence of Syngman Rhee and Park Chung-Hee.

The second chapter consists of a definition of human resource management in general and describes certain aspects of human resource management in South Korea. The third chapter contains the methodology and limitations of the research. The fourth chapter focuses on establishing connections between historical events and the aspects of human resource management in Korean companies. These connections are based on, literature review, the Reactance theory of social psychology, along with evidence gathered from semi-structured interviews with Koreans. The fifth chapter analyses and evaluates the impact of historical developments on present human resource management in Korean companies. The method of description, analysis, comparison, and deduction were used in the process of writing the thesis.

The conclusions of this thesis will be valuable for foreign businesses integrating in South Korea or working with Korean companies. It will offer explanations for some curious practices in Korean HMR, which will, in turn, bring compassion and understanding towards Koreans, which could prevent possible unfortunate misunderstandings.

# **1 KOREAN MODERN HISTORY**

In this chapter, we are going to look at Korean modern history, focusing especially on the economic and social impact of Japanese colonial rule, the division of the Korean peninsula, the Korean War, and the post-war influence of Syngman Rhee and Park Chung-Hee. Understanding major historical events and their implications on Korean society are important for establishing connections with aspects of human resource management in Korean companies.

There are different views on which moment marks the start of Korean modern history. South Korean historians regard the establishment of the Joseon period in 1392 as the beginning of Korean modern history. On the other hand, Western scholars like Michael J. Seth (2016, p.1) regards the start of Korean modern history in the book *Routledge handbook of modern Korean history* as the 1860s when Korea started to open up to the outside world. In 1860 Russia acquired Maritime Province from China, hence became a neighbouring country of Korea (Lew, 2000, p. 18). In the mid-1860s Russians approached the border with intentions of trade and Koreans living in the northeast began migrating across the border to Russia (Seth, 2010, p.10).

## **1.1. Japanese colonial rule**

The era of Japanese colonial rule had started in 1910 with an outright annexation of Korea through the Japan-Korea Annexation Treaty. Japanese control over Korean territory lasted until the year 1945 when Japan finally admitted its defeat in the Second world war. Japanese colonisation brought about industrialisation and the foundation of governmental institutions of Korea. Unfortunately, authoritarian rule along with forced assimilation and mass mobilization campaigns affected almost the entirety of Korean people in disturbing and even traumatizing ways. Japanese colonial era is divided into three periods: the Military period (1910-19); the Cultural policy period (1919-31); and the Assimilation period (1931-45) (Peterson, 2010, p. 141-142; Seth, 2010, p. 43; Kim, 2005, p. 125).

### **1.1.1. Military period**

The period from 1910 to 1919 is commonly known as the "Military period", owing to the large numbers of Japanese soldiers and military police present in Korea (Peterson,

2010, p. 142). Koreans referred to this period as "the dark age" due to political oppression that has suppressed both political and cultural life (Seth, 2010, p. 45). Kang Mang-Gil mentions in his book, *A history of contemporary Korea*, how the Japanese outlawed or prohibited anything that could threaten their regime. Shutting down newspaper distribution as well as confiscation of textbooks and Korean history books to stop young Koreans from learning about themselves and their possibilities (according to Peterson, 2010, p. 144-145). To fully assert control the colonial regime appointed officials at the level of townships and villages, who possessed legislative and executive powers. Japanese bureaucratic and intrusive apparatus operated in 1910 with more than 10 000 officials, later in 1937 amounting to 87 552, of which the majority were Japanese (Seth, 2010, p. 44). Japan exploited Korea as a rice supplier and nationalised any unregistered land or land of peasants who had no physical proof of ownership. Koreans were legally discriminated against as the Japanese put in place policies solely beneficial for them. Korean people were already denied the freedom of speech, press and assembly, but in August 1911 the situation got even worse. The government issued a decree that discouraged Koreans from pursuing higher education, especially in fields related to their history and geography. In 1912 Japanese authorities granted police freedom in the investigation practices, which were abused against Koreans. Ironically, they have picked flogging as a typical punishment of Joseon, which had been abolished previously during Kabo reforms (Kim, 2005, p. 126).

On the 1<sup>st</sup> of March 1919, nationwide independence protests against Japanese colonial rule took place. The timing of the protest was determined by Emperor Gojong's death in late February. Japanese authorities tried to suppress the protests with the force of the military and police (Hwang, 2017, p. 139-141; Kim, 2005, p. 126-130). The 1<sup>st</sup> of March movement had led to the formation of the Provisional Government of Korea in Shanghai (Shin, 2000, p. 257). The historical significance of the Provisional Government has been proven by enshrining into the preamble of the constitution of the Republic of Korea (Constitution of the Republic of Korea, 1948).

### **1.1.2. Cultural policy period**

Under new governor-general Saito Makoto (in office 1919-27) Korean people could enjoy more freedoms. Saito reforms were aimed to better the lives of ordinary Koreans and offer more people access to education. He also abolished beating and torture

as well as reduced military or police presence in public places. He promised to even out the inequality of Koreans. Even though these changes improved the lives of ordinary Koreans subtle measures were implemented to still better the position of the Japanese. The governments promise to build more schools came through; however, they have still built more police stations than schools. Two parallel systems of schools existed, one for Korean and the other for Japanese children. This system provided education for more Koreans than ever before, nonetheless only a small percentage of the Korean population was educated. Whereas Japanese nationals had universal access to education. More Koreans were hired as government workers with salaries at par with Japanese workers. Yet again Japanese officials received an overseas hardship bonus to tip the scales. "Cultural policy" (1919-31) period gained its name primarily due to the booming literary scene of the 1920s as publications in the Korean language were again permitted. Unfortunately, in 1928 the Special High Police established a new censoring organ to oversee publications and social activities. Police arrested people on charges of "thought crimes" (Peterson, 2010, p. 160-161).

A student uprising in Kwangju on November 3<sup>rd</sup> 1929, was the second-largest protest after the March 1<sup>st</sup> Movement against the Japanese colonial rule in Korea. It happened shortly before the Special High Police again restricted the day-to-day freedoms of Korean people by implementing the Peace Preservation Law (Peterson, 2010, p. 166-167).

### **1.1.3. Assimilation period**

The "Assimilation period" from 1931 to 1945 received its name from the assimilation policy of the Japanese government. The aim was to absorb Korean people into the Japanese race and Korea into Japan. If successful, Koreans and Korea would not exist anymore (Seth, 2016, p. 217). In March 1938 all schools employed Japanese as the language of instruction and students were to speak only Japanese, even at home. Publication in the Korean language was stopped, and Koreans were forced to adopt Japanese as the national language and use it on day to day basis. Citizens were ordered to sign up to Shinto temples and pray every month (Kim, 2005, p. 137). In 1939 government started advising Koreans to adopt Japanese names. In 1940 the Name Order was decreed, and all citizens were forced to adopt a Japanese name. It is estimated that 80% of Koreans complied with the name change (Seth, 2016, p. 225-226). Korean people have deep-

rooted Confucian beliefs in filial piety, therefore changing their surname was an insult and betrayal of their ancestry (Kim, 2005, p. 137-138).

In the early 1930s, Japan stretched its ambitions to conquer Northern China and embarked on a journey of war lasting 14 years, known in East Asia as the Pacific war. Japan became isolate due to the condemnation of its allies based on attempts to conquer Northern China. Japan had to deal with the immense stretching of its resources (Peterson, 2010, p. 167). Considering the ongoing war, Japan started supporting other industries aside from agriculture, like metal, chemical and textile industries. Japanese *zaibatsu* (large capitalist conglomerates) Noguchi, Mitsubishi and Mitsui produced military supplies in Korea with financial favours from the government. Production costs were cheap due to the low wages and exploitation of Korean workers. Industrial production rose, but only a handful of Korean companies accounted for this increase (Kim, 2005, p. 135). On the 15<sup>th</sup> of August 1945, Japan capitulated following its defeat in the Second World War and the colonial rule over the Korean peninsula officially ended.

## **1.2. Division**

The fate of Korea post-Second World war was discussed as early as 1943. In the Cairo Declaration leaders of the USA, United Kingdom, and China promised to grant Korean people independence in "due time". Marshal Stalin showed his support by signing the Potsdam Declaration. Moscow Agreement in December 1945 outlined the transition of Korea to autonomy from the trusteeship of the USA, United Kingdom, Soviet Union, and China (Lew, 2000, p. 24-25). Soviet troops started the liberation from Manchuria and were advancing very quickly towards Korea. From August 11<sup>th</sup> Soviet army strengthened its numbers and crossed the Korean border. The USA tried to prevent possible communist expansion and proposed a division of the Korean peninsula along the 38<sup>th</sup> parallel. The Soviet Union surprisingly agreed, and Korea was divided into two zones of roughly the same size (Peterson, 2010, p. 181).

In November 1947 the UN adopted a resolution to establish a united Korean government. The United Nations Temporary Commission on Korea (UNTCOK) a nine-nation commission authorized to oversee the nation-wide general election. However, the Soviet Union refused to cooperate with any activities of UNTCOK. Nevertheless, the election was approved and held in May 1948 but only in areas where it was possible.

Syngman Rhee was elected as the first president of the Republic of Korea (ROK). In July a Korean National Assembly was formed and adopted the constitution. Syngman Rhee as a president proclaimed the establishment of the ROK on the 15<sup>th</sup> of August 1948. The UN recognised the ROK and its government on the 12<sup>th</sup> of December. The USA recognised the ROK on the 1<sup>st</sup> of January 1949 and started withdrawing troops from the Southern part of the peninsula (Lew, 2000, p. 25). On the 9<sup>th</sup> of September 1948, Kim Il Sung declared the Democratic People's Republic of Korea (DPRK) (Peterson, 2010, p. 195).

### **1.3. The Korean War**

The Korean War broke out on Sunday morning 25<sup>th</sup> of June 1950. Although Koreans rather call it the Jun 25<sup>th</sup> Incident. This day marks the sudden, but not unexpected, invasion of ROK by the DPRK on a pretext of "Fatherland liberation" and unification with the approval of the Soviet Union. Seoul, the capital city, was the first to be invaded and took the heaviest hit thanks to its proximity to the 38<sup>th</sup> parallel (Peterson, 2010, p. 195). Hostilities predating this incident are tied to the cold war along with the ideological clash between socialist and capitalistic states aiding the Korean peninsula. Both states wanted the unification of Korea to happen, but only according to their ideological specifications (Lew, 2000, p.27).

DPRK utilised their advantage of having thousands of veterans from the Chinese civil war, heavy artillery, and tanks from the Soviet Union (Seth, 2010, p.102). DPRK advanced very quickly and pushed the ROK army aided by the UN forces south to Busan Perimeter. A strategic area around the port city Busan, through which the UN imported weapons, machinery, and soldiers. UN de facto won the battle and successfully defended the Busan Perimeter (Riddle, 2010).

After securing the Busan Perimeter, General McArthur went ahead with an ambitious operation to take Incheon code-named Operation Chromite. General McArthur was able to land in Incheon and take Seoul back. DPRK retreated north beyond the 38<sup>th</sup> parallel to regroup as it took heavy losses (Grant, 2012, p. 43-47). General McArthur advanced further behind the 38<sup>th</sup> parallel into northern territory. However, Chinese intervention helped scattered DPRK troops and together they drove the UN back behind the 38<sup>th</sup> parallel (Grant, 2012, p. 50-66).

Armistice negotiations began in July 1951, but it took additional two years to reach an agreement with which all parties were satisfied. The main obstacle to a successful negotiation was the issue of prisoners of war. The armistice was finally signed on the 27<sup>th</sup> of July 1953 in Panmunjeom. To clarify, the war has not formally ended as the armistice is only an agreement of truce for a certain time between parties involved. On the same day, the Demilitarized Zone (DMZ) was created. It is a 4 km wide stretch of land, a heavily mined buffer zone over the 38<sup>th</sup> parallel (New World Encyclopedia, 2018).

Up to this day, there is no exact number of how many civilians and soldiers had fallen in this short yet bloody war. Various sources give different accounts of civilian casualties in the Korean War. According to Grant (2012, p. 129), South Korea had lost anywhere from 660 000 to 1 000 000 civilians and North Korea up to 2 000 000. On the other hand, Millet (2020) accounts for *Civilian dead and missing* to only 600 000 (see Table 1).

**Table 1: Battle casualties of the Korean War (1950-53)**

	South	USA	UNC	North	China
<b>Military killed and</b>	217 000	36 568	3 063	406 000	600 000
<b>Military wounded</b>	429 000	103 284	11 817	1 500 000	716 000
<b>Civilian dead and</b>	1 000 000	X	X	600 000	X

Source: (Millett, 2020)

#### **1.4. Post War South Korea**

The Korean War left South Korea in ruins and its people devastated. Nonetheless, with foreign aid and vigour, South Korea managed to transform itself into one of the leading economies of the present day. Accomplishing what many strive to do in centuries within a few decades. South Korea managed to erase most of the physical reminders of the Korean War, but those unseen by the naked eye remain. South and North Korea "*both have been molded in obvious ways and subtle ways by the memory of a terrible war that has technically never ended.*" (Peterson, 2010, p. 208)

### **1.4.1. First Republic**

Syngman Rhee as the first president of South Korea strived to build a strong foundation for the future democratic state. However, his government was rather authoritarian. His legacy is tainted by corruption, bribery, blackmail, ballot manipulation, and other illegal acts. Rhee amended the constitution multiple times to prolong his presidency as it was limited to only two terms. Rhee managed to secure financial assistance from the USA to rebuild infrastructure and invest in education. Hence the number of students rose exponentially, namely university graduates. He also avidly opposed renewing relations with Japan, as he feared that history could repeat itself (Seth, 2011, p. 373-376).

From the year 1950 to 1963, South Korea had implemented the Import substitution policy to protect the home industry. This strategy meant to reduce dependence on imported goods from overseas while the government supported domestic production by subsidies. The target industry was the 3-white industry producing cotton, flour, and sugar (Lee, Coursera).

In the period from 1954 to 1960, South Korea experienced rapid economic growth at an annual rate of 4,9% (Chun, 2010, p. 790). Nonetheless, South Korea was still among the poorest countries in the world. To put in a perspective, in the year 1960 the Gross Domestic Product (GDP) per capita of South Korea was mere 158 USD, compared to the USA with the GDP per capita at 3 014 USD (GDP, Country Economy).

Syngman Rhee resigned on the 27<sup>th</sup> of April because of the April Revolution, the student revolution. The Korean workforce became more educated, and the number of university graduates also exponentially increased. Whereas the economy has not significantly advanced which resulted in a shortage of appropriate employment to the skills of the labour force. This has proven as one of the major drivers behind the student revolution (Peterson, 2010, p. 213-214).

### **1.4.2. Park Chung Hee**

After Syngman Rhee's resignation in April 1960, a new constitution was drafted. South Korea became a parliamentary country; hence the Second Republic was born. On the 29<sup>th</sup> of July, free elections were held, which the Democratic Party won and appointed

Yoon Boseon the president. According to the new constitution, the power of the president was restricted, and competencies transferred to prime minister Jang Myeon. Corruption, a rise of criminality in urban areas, demonstrations, and general lack of authority of the government, provided a sufficient background for a military coup (Buzo, 2007, p. 99).

General Park Chung Hee on the 16<sup>th</sup> of May 1961 proclaimed martial law and took control of the republic for a staggering 18 years. Until the year 1963, South Korea was under the governance of the military. Due to pressure from the USA, Park decided to transition to the presidential form of government again. The Third Republic officially started with his presidency. In 1972 Park introduced the Yushin Constitution, which abolished the restriction on the terms of the presidency and gave him the ultimate authority to arrest anyone he wished. Heavy censorship followed and many reporters ended up in jail. Yushin Constitution marked the birth of the Fourth Republic with militaristic dictatorship. Park's presidency ended in 1979 as he was assassinated (Peterson, 2010, p. 216).

Park's main aim was economic development and prosperity. To attain this goal, he promoted political stability under an authoritarian regime. He proposed two strategies: restructuring the government, and the elimination of corruption in the political and economic systems (Kim, 1997, p. 100). Hence, he established the Economic Planning Board (EPB) staffed with young technocrats, which assumed similar duties as the Ministry of Industry and Trade in Japan and was responsible for overseeing economic growth. All commercial banks were nationalised, therefore loans could have been extended to businesses as the EPB saw fit, to attain economic benchmarks. To eliminate corruption Park imprisoned countless politicians and affluent businessmen, owners of what are now known as chaebols. Soon he realised that he lacks the economic knowledge to execute his plan. For this reason, he released the businessmen on the condition, that they will help to rebuild South Korea (Seth, 2011, p. 384-385).

Park re-established relations with Japan, whose investment of 675,9 mil. USD between 1962 and 1982 amounted to nearly half of the total direct foreign investment (Kim, 1991, p. 36). South Korea also continually received investments from the USA. As a thank you for assistance in the Vietnam War, the USA bought supplies, artillery, and machine from South Korean manufacturers. This additional influx of funds coupled with foreign investments was crucial for future development (Peterson, 2010, p.222).

Park also made an important decision to shift from an Import substitution policy to a pro export strategy. Strategic industries received special subsidies, tax reductions and low-interest loans, to produce goods for export (Lee, Coursera).

### **1.4.3. Five-year plans**

From 1962 to 1997, South Korea employed a Five-year plan strategy, with altogether 7 plans. South Korea archived outstanding economic growth due to the precise planning of the government. The first five-year plan was primarily focused on laying the groundwork for the industry, building infrastructure, and utilising the educated workforce in light industry production. The annual economic growth from 1962 to 1966 was on average 7,8 % (Kim, 2010, p. 181-182).

The second five-year plan focused primarily on export and export policies. Products of light industries were the main export commodities. Park put great emphasis on self-sustenance and independence. Further investments were made into education, infrastructure, and new technologies. The annual economic growth from 1967 to 1971 was on average 9,6 % (Kim, 2010, p. 181-182).

The third five-year plan from 1972 to 1976 focused primarily on heavy and chemical industries. These industries were critical in the elimination of dependence on import. New factories were constructed in the south, outside of Seoul to bring employment into underdeveloped areas. Emphasis was put on heavy and chemical industries focusing on electronics, shipbuilding, petrochemicals, and transport machinery. Chaebols capitalised on their preferential treatment from the government and expanded their operations further in the heavy industry (Savada, 1990).

The fourth five-year plan from 1977 to 1981 focused on strategic technology-intensive and skilled labour-intensive industries. Hence production in electronics, machinery and shipbuilding rose. In 1979 high inflation and worldwide oil crises slowed down economic growth. Jeon Doo-hwan became the president in 1981, and the Fifth Republic started. The South Korean economy started growing rapidly again with the implementation of the fifth five-year plan in 1982 lasting until 1986. The focus was shifted from heavy industry to technology-intensive industries. Emphasis was put on the production of electronics, semiconductors, and high-tech IT products (Savada, 1990).

The sixth five-year plan was implemented from 1987 until 1991. Also, the Sixth Republic started in 1987 lasting until the present day. The sixth plan had the same goals to promote electronics and technological advancement, but industries were no longer subsidised and import tariffs were lifted. The seventh five-year plan was implemented from 1993 until 1997. The focus stayed on electronics and technological development. (Peterson, 2010, p. 234).

South Korean economy reached the target growth rate with every five-year plan, except fourth and seventh. The difference between the target growth rate and the actual growth rate of the fourth plan is 3,9 percentage points (see Table 2). This difference accounts for the oil crisis in 1979, high inflation and overall political unrest during the last period of Park's presidency. In the year 1980, South Korea had the worst year with negative growth of -1,7% (OECD, 2021).

**Table 2: Economic Performance of Five-Year Plans**

President	Date	5-Year Plans	Target Growth Rate (%)	Actual Growth Rate (%)
Park Chung Hee (Military)	1961-1979	1)1962-1966	7,1	7,8
		2)1967-1971	7,0	9,6
		3)1972-1976	8,6	9,7
		4)1977-1981	9,2	5,8
Jeon Doo Hwan (Military)	1981-1988	5)1982-1986	7,5	8,6
		6)1987-1991	7,3	10
Roh Tae Woo (Military)	1988-1993	6)1987-1991	7,3	10
		7)1993-1997	7,5	7
Kim Young Sam (Civilian)	1993-1998	7)1993-1997	7,5	7

Source: (Kim, 2010, p. 182)

#### **1.4.4. Labour force**

To every upside, there is a downside as to the South Korean economic boom. Unfortunately, industrial workers draw the short straw of the mix. Workers were dispensable since there was a job shortage (Kim, 1997, p. 120). Under the Yushin Constitution, wages were kept low with no recognition of minimum wage. Labour unions were either state-controlled or outlawed, thus workers faced harsh treatment of 12-hour workdays, no weekly rest or annual leave, even free work for the greater good of the country (Peterson, 2010, p.219-224). *"Korean workers earned one-10th the wage of American workers but were two and a half times as productive."* (Peterson, 2010, p. 220)

Even though the South Korean economy was on the rise workers in the 1960s did not receive a major pay raise. This was due to weak protection of labour and repressive policies along with businesses taking advantage of employees. Working hours, a week in the 1960s, were 50,3 hours. This phenomenon of long working hours got even worse in the 1970s. South Korean workers had the longest working hours in the world, staggering 52,3 hours a week (Kim, 1997, p. 121).

In the year 1986, the average working hours per week reached its peak at 54,7. This situation was attributed mainly to working overtime to earn minimum living expenses. Wages dramatically increased in 1989, on average the increase amounted to 18,7%. The living conditions of most South Koreans improved, and they could finally enjoy the luxuries of modern life (Savada, 1990).

## **2 HUMAN RESOURCE MANAGEMENT**

The second chapter consists of the definition of human resource management and aspects of human resource management in South Korea. This chapter aims to describe aspects of human resource management in South Korea, of which some have been influenced by historical events. Bases for this connection will be established and further discussed in the following chapter.

Human resource management can be defined by Boxall and Purcell as *"all those activities associated with the management of employment relationships in the firm."* (according to Armstrong, 2020, p. 4) Boxall noted that: *"Human resources include the knowledge, skills, networks and energies of people and, underpinning them, their physical and emotional health, intellectual capabilities, personalities and motivations."* (according to Armstrong, 2020, p. 4)

As Armstrong mentions (2020, p. 7) the overall purpose of human resource management is to *"support the organisation in achieving its objectives by developing and implementing human resource strategies which are integrated with the business strategy."* Human resource management is concerned with achieving objectives in multiple areas like the development of high-performance culture, retaining talent, maintaining positive employee relations, provide for a satisfactory employee experience, further the wellbeing of employees as major stakeholders and achieve social legitimacy.

### **2.1. Human resource management in South Korea**

South Korea today is incomparable with what it was in the 1950s or the following two decades. However, the underlying principles of society and business changed only very little, as it still is a work in progress (Lafayette de Mente, 2014, p. 60). As Rowley (2004, p. 52-53) mentions some changes in business practices, management and human resource management indeed happened due to the Asian financial crisis in 1997.

According to Kang (2017, p. 11), human resource management in South Korea went through three phases: seniority-based HRM, new HRM and performance-based HRM. Each phase is characterised by specific core practices, which are summarized below in Table 3.

**Table 3: Phases of HRM in South Korea**

Stage of HRM	Period	Characteristics
Seniority-based HRM	before - 1987	<ul style="list-style-type: none"> <li>• Emphasis on ‘harmony’ rather than ‘competition’</li> <li>• Promotion was based on employment duration, educational background, and age</li> </ul>
New HRM	1988 - 1997	<ul style="list-style-type: none"> <li>• ‘New HRM’ (increasingly adopted ability and performance-based payment, recruit and promote irrespective of a person’s academic background)</li> </ul>
Performance-based HRM	1998 - present	<ul style="list-style-type: none"> <li>• Resourcing flexibility</li> <li>• Performance-based rewards</li> <li>• Recruitment and retention of top talent</li> </ul>

Source: (Kang, 2017, p. 11)

## 2.2. Organisational culture

*“Organizational culture refers to the pattern of beliefs, values and learned ways of coping with experience that have developed during the course of an organization’s history, and which tend to be manifested in its material arrangements and in the behaviours of its members.”* (Brown, 1998, p. 9)

The organisational culture of Korean companies has been heavily influenced by Confucianism and its principles of paternalism, work ethics, loyalty, and respect for elders. Authority and decision-making power are distinctive features of senior positions, especially top positions of the organisational hierarchies. Therefore, Korean organisational culture exhibits signs of top-down decision making, favouring seniority and paternalistic leadership. Additionally, Korean companies have a very prominent group orientation mentality. Teamwork and socialisation are very important to build trust and loyalty. Thus, employees participate in training, company trips and outings. Socialisation spans well beyond the organisational boundaries as colleagues spend time together even after working hours. Going out for drinks after work is called 회식 (Hoesik) (Froese, 2020, p. 154-156). Below I am going to list some of the distinctive concepts prominent in South Korean organisational culture. These concepts are separated into categories according to their origins, from Budhwar (2004, p. 41) and Rowley (2004, p. 60).

### 2.2.1. Confucianism based

The concept of 태도(Taedo) *manners as morality* is an age-old concept stemming from Confucianism. The morality of an individual is visible to everyone since morality is perceived as the ability to follow prescribed etiquette. South Korean society still follows to an impressive extent traditional etiquette, which makes them one of the best-behaved people of all (Lafayette de Mente, 2014, p. 105).

*Harmony in human relations* 인화 (Inhwa) is a Confucian concept incorporating the loyalty of an employee and a strong concern of an employer for the well-being of their workers (Lafayette de Mente, 2014, p. 140). The company is, therefore, viewed as a tight knitted family-type community. However, the ever-present and sharp distinction between owner-manager-worker clashes with some aspects of the Inhwa concept and creates a paradox (Budhwar, 2004, p. 41).

*The group consciousness* 충 (Chung) has been equated to morality by the court of Choson between 1400 and 1900. Even after 100 years after it was overrun by Japanisation it is still present. Chung is translated as a group consciousness, but it is also a word for loyalty. Korean sense of loyalty is different from the Western or European definition of the word. For Koreans loyalty can be translated to situational ethics. What is ethical today may not be tomorrow (Lafayette de Mente, 2014, p. 50-51).

*Integrity towards others* 우리 (Uri) is reflected in long-term interpersonal relationships, honesty, and integrity. In the corporate world, it translates to lifetime employment. It is also reflected in the language as people in a lower position (children, subordinates) refer to people in a higher position (parents, superiors) with Uri when talking in the third person. Uri directly translates as our, so Koreans say "Our mum/our manager " 우리 엄마/우리 매니저. Another cultural paradox presents itself as personal entertainment, gift-giving and transactional opaqueness are an integral part of interpersonal relationships in Korean corporations. Unfortunately, integrity and honesty are gradually overlooked (Rowley, 2004, p. 60).

### **2.2.2. Military based**

*A cult of military service* in large South Korean corporations as they bear many similarities to the military. Departments operate in a similar fashion to military units with a strict chain of command. This has two reasons, the first being that all able-bodied South Korean men must complete military service and the second being a number of ex-military officers in senior managerial positions. The ramifications of not completing military service are for example inability to obtain a government job as well as losing the right to obtain a passport and travel abroad. Military training is very tough with strict discipline, which later translates to the civilian life of every South Korean male. Schooling at the military academy is as prestigious as any of the top three South Korean universities. Thus, military officers in higher ranks receive after retirement equally prestigious positions within the government or in the private sector, which in turn explains the second reason mentioned above (Lafayette de Mente, 2014, p. 112-115).

### **2.2.3. Japan-based**

*Good mood 기분* (Kibun) refers to the good, atmosphere and harmony of an individual or group. Koreans are very sensitive to setbacks or upsetting news as it could damage their kibun, disrupt harmony and offset the whole day. Another distinct feature is a reluctance to bear bad news or information as it could damage the recipient's kibun. Consequently, withholding the news until the end of the day or softening the information to a degree of being misleading happens quite often (Lafayette de Mente, 2014, p. 52; Budhwar, 2004, p. 41). Kibun has actually come from Japanese carrying the same meaning of mood and atmosphere (Nihongo Master, 2017).

*Resentment/frustration felt over unjust or inequitable treatment* **한** (Han) is a societal phenomenon that is a product of oppression and repression of feelings. Korean sociologists refer to han as unrequired resentments. Many, if not most of these societal resentments come from the period of Japanese occupation and subsequent Korean War. There are several types of han, but the most prominent ones in organisations are the limitation on individuality, institutionalised conformity, repression of emotions, and unquestioned obedience. The negative effects of han manifest in passivity, negativity,

tension between senior/ junior employees, resentment due to militaristic labour relations (Lafayette de Mente, 2014, p. 26-27; Rowley, 2004, p. 60).

#### **2.2.4. Shamanism based**

*Elated spirits* 신바람 (Sinbaram) originates from Korean shamanism. It refers to a state of being possessed by the good spirit and becoming elated. It directly reflects in organisational culture as employees are highly motivated, excited and empowered in the collective spirit. On the other hand, this sentiment-based motivation had been abused by management throughout the economic transformation of South Korea. Organisation operates on sentiment-based motivation rather than rational understanding. It has its downsides as employees lose their individuality in the whirlpool of communal spirit along with cases of delinquency and low commitment without the presence of sinbaram (Rowley, 2004, p. 60; Kim, 2015; Kang, 2015, p. 145).

### **2.3. Recruitment and selection**

Recruitment and selection are closely related processes, which are directed towards obtaining employees. Recruitment provides the necessary pool of prospective employees for the selection process. The aim of recruiting is to attract people with requisite competencies and attitudes (Foot, 2015, p. 151).

In South Korea before 1987, graduates of prestigious universities were recruited biannually by chaebols (Budhwar, 2004, p. 46). Generally, they were recruited for entry-level positions with the prospect of career advancement. Companies preferred generalists to specialists because generalists are easily assimilated to the organisational culture through intensive training and socialisation programs. After 1987 recruitment became more rational. Besides seniority, competence became very important in hiring and promotion (Tung, 2013, p. 908-909).

South Korean companies use two recruitment systems 연고 (Yongo) and 공채 (Gongchae). *Yongo* means special social relationship or connection. South Korean businesses traditionally recruit employees based on Yongo relations. The primary sources of recruitment are, therefore, school alumni and friends from the employer's birthplace. Recruiters started focusing on academic achievement as fast-growing businesses

standardised the recruitment process. However, in the final selection graduates from prestigious universities or candidates from certain regions are favoured. Yongo is especially prominent in recruitment for senior positions (Lee, 1998, p. 31; Kang, 2017, p. 52-53)

*Gongchae* means open employment and was first implemented by Samsung in 1957. Other large corporations followed suit and adopted this recruitment system, especially for entry-level jobs with large numbers of applicants. Gongchae is comparable to western HRM practices. For Koreans, open competition brings opportunities as under the yon-go system only a select few have a chance to attain a job. The Gongchae system uses a formalised and systematic selection process with clear selection criteria (Chung, 1997, p. 166-167). Generally, large companies include in their selection procedure job-related or general knowledge written examination and interview. In recent years chaebols like Samsung and Hyundai progressively replaced knowledge centred exams with aptitude tests, focused on assessing the personality and psychological state of an applicant (Kang, 2017, p.54).

According to Lee (1998, p. 31), the most common practices of chaebols in the recruitment of college students besides advertisement, are campus visits by recruiters (typically the alumni), call on professors to generate interest in students, and a tour of company or plant facilities. These practices are kept up even in Korean companies abroad as I've personally experienced part of the recruitment process. Students of Palacky University majoring in Korean for Business were extended an invitation to tour facilities of Sungwoo Hightech in Ostrava after a successful campus visit by recruiters and group interview.

Chung (1997, p. 167) summarises the recruitment procedure under the gongchae system in South Korean companies as follows:

1. A review of biodata on the application form
2. Written examination (general or technical knowledge, foreign language, essay, and/or aptitude test)
3. Interviews
4. Letter of recommendation
5. A review of internship record (if applicable)

## 6. A physical examination

Selection criteria emphasise educational background (especially grades), the prestige of a university, specific subject knowledge and technical qualification, communication skills in English, and age (Kang, 2017, p. 54). The age limit of 29 for entry-level positions is strictly enforced. The most important reasons for keeping this limit come from Confucianism. A too-large age difference between colleagues could disrupt the group harmony and be a source of conflict (Chung, 1997, p. 167). Seniority also plays a large role. A younger person in a senior position and an older person as a subordinate is a very uncomfortable and, in some cases, unthinkable scenario for Koreans.

Chung (1997, p. 167) mentions that based on Confucianism women face discrimination in the recruiting process. There is a strong preference for male applicants as women are screened out at the bio-data review phase. In 1994 over 170 000 university graduates were in the job market of which 40,5% were female. Shockingly the 50 largest chaebols altogether hired only 2 000 female applicants, a mere 8% of the total hired. Sadly Kang (2017, p. 54) also outlines this problem 20 years later. Women still have fewer opportunities compared to male workers, who are more likely to be promoted. More and more South Korean women are joining the workforce, but most of them work in the sales or service industries.

### **2.4. Training and Development**

Training and development strategies in South Korea evolved continuously as Korean companies employed competitive strategy and responded to globalisation (Tung, 2013, p. 915). As Confucianism puts great emphasis on education it translated into Korean HR programmes. Pohang Iron and Steel employed regular training and development of its employees, which some argue was the key to their success (Budhwar, 2004, p. 52). *“Enterprise training in South Korea is classified into three categories: pre-employment training, on-the-job training, and retraining.”* (Kang, 2017, p.85)

Pre-employment training is intended for first-time job seekers. Chaebols have well-resourced training centres for employee education. Recruits stay there often for an extended time for introductory training and socialisation. For example, Hyundai has 4 weeks programme and LG has altogether 6 weeks programme. Company history, culture, business philosophy, core values and vision are ingrained into recruits. The development

of all-purpose general skills is also at the forefront. To build a sense of belonging, loyalty, and commitment they familiarise recruits with a company song and motto (Budhwar, 2004, p. 52-53; Kang, 2017, p.86).

Vocational schools play a vital role in providing satisfactory training to industrial workers. Very popular is the 2 + 1 system, which actively combines school learning and workplace learning. First, two years students spend doing course work. The third year focuses on apprenticeship (Kang, 2017, p.86-87). In 2010 Meister high schools have been established. The name Meister comes from German meaning master craftsman. These schools were designed to prepare students for high-skilled manufacturing jobs. The first year is focused on developing general knowledge and fundamentals of industrial knowledge. As for the second and third year, students choose a speciality and develop in the chosen area. Internships and fieldwork are an integral part of the curriculum, which enables pupils to secure future employment as early as the end of their first year. Pupils graduate with two years of work experience (Lim, 2020, p. 20).

Kia Motors UK faced a difficult situation of financial losses and very low employee engagement. To overcome these struggles, they've implemented the following two measures. The first measure was aimed at the line managers who needed to improve their soft skills and people management skills. They undertook a series of training courses, after which they were subjected to a 360-degree assessment to measure behavioural changes. The second measure revolved around identifying the training needs of each employee and customising the training process accordingly. The main objective was to match the career aspiration of everyone, expressed in the annual performance appraisal (Tung, 2013, p. 916). Hence, training and development can be a valuable tool to retain talented managers.

As Korean culture is very achievement-oriented, promotion is viewed as an important reward. As mentioned earlier the general importance of seniority plays a major role even when it comes to promotion. Korean companies utilise a promotion ladder, which means that a person must work for a certain time at a certain rank, before being promoted. Generally, it goes as follows 4-5 years working at an entry-level before promotion to Assistant Section Manager, 3-5 years for promotion to Deputy Department Manager, 4-7 years for promotion to Department Manager. Consequently, it takes 12-17

years to attain a department manager position. Thus, the average age of department managers in South Korean companies is around 44 (Kang, 2017, p. 87-88).

## 2.5. Compensation and performance appraisal

The compensation system in South Korea has historically been based on seniority along with the educational background of an individual and length of service. Under this system wage of an individual is clearly defined and predictable as all employees receive a pay raise every year regardless of performance. The compensation consists of the base pay as the largest component and allowances or benefits and bonuses. Allowances are adjusted based on responsibilities, special skills and job hardship (Kang, 2017, p. 142; Froese, 2020, p. 159).

To be consistent with the general change to performance-based HRM, a more objective way of compensation is to directly link performance to compensation (Tung, 2013, p. 916). According to Wiley and Kowske (2011) on a worldwide scale, workers ranked as a top priority among their seven wants, fair compensation. We can see that South Korean companies adopted a Japanese style performance-based compensation system, the so-called Yonbongje. Yonbongje is based on both performance and individual ability (Kang, 2017, p. 143). According to the survey, there was a significant increase in the percentage of companies who adopted a performance-based compensation system, from 20% in 2000 to 66,7% in 2012 (연봉제 도입현황, 임금직무정보시스템). However, there are different types of performance-based compensation systems as some companies did not fully abandon seniority. Instead, they created mixed systems that incorporated seniority and a performance-based compensation system (see Table 4) (Kang, 2017, p. 143).

**Table 4: Variations in Korean pay systems by sector**

System options	Manufacturing sector (N=210)	Non-manufacturing sector (N=68)
Traditional senioritysim	42,4%	42,6%
Seniority-based with a performance factor	25,2%	22,1%

<b>System options</b>	<b>Manufacturing sector (N=210)</b>	<b>Non-manufacturing sector (N=68)</b>
Performance-based with seniority factor	29,0%	29,4%
Ability/performance-based	3,4%	5,9%

Source: (Budhwar, 2004, p. 50)

For a company in South Korea to successfully retain quality employees, it is important to have a competitive compensation scheme. Otherwise, employees are likely to migrate to a company with better pay packages. Small companies with budgetary restraints can compete with large conglomerates by offering stocks, pension plans, unemployment insurance, and health care plans (Lafayette de Mente, 2014, p. 165). Most larger corporations offered stocks, pension plans, unemployment insurance, and health care plans just to employees in managerial positions or the higher educated. For example, the stock option policy of Hyundai covered only 7% of the workforce. Samsung restricted the profit-sharing scheme solely to researchers. LG has evaluation systems in place, but compensation remains subjected to seniority (Budhwar, 2004, p. 52).

### **2.5.1. Performance appraisal**

The key factor in the performance-based compensation system is performance appraisal. It is comprised of several aspects such as self-evaluation, supervisor evaluation (supervisor's diary), 360-degree (supervisors, subordinates, customers, suppliers) appraisal, and peer evaluation. People are assessed on all or several of these criteria such as morality, initiative, communication skills, leadership skills, quality of work, ability, interpersonal skills, and work attitude (Kang, 2017, p. 114; Budhwar, 2004, p. 51).

The 360-degree method is mostly used in the public sector, as in the private sector the Behaviourally Anchored Rating Scales (BARS) or Management by objective (MBO) is preferred. The main idea behind the development of BARS was to avoid subjective judgement. BARS operates by identifying behaviours critical to job performance and developing scales for these behaviours. MBO is a process to evaluate employee performance, the achievement of goals, the difficulty of goals, and competitiveness. Appraisal criteria vary but are mostly selected from criteria already mentioned above.

MBO was already used in the year 2000 by 49% of South Korean companies (Kang, 2017, p. 114).

### **2.5.2. Existing problems with linking compensation and appraisal**

Generally, concerns of objectivity arise with any appraisal as people have natural predispositions to lean towards subjective assessment. Therefore, linking compensation and appraisal proven to be problematic in South Korea. Especially important is the cultural aspect. Managers have difficulty and are unwilling to give a negative evaluation of their subordinates. This comes from 인화 (Inhwa), which emphasizes harmonious relationships, the balance of rank and power, and the care of supervisors towards subordinates. Thus, managers are reluctant to give a negative evaluation as it could damage the harmonious relationships in the workplace, especially if the lack of performance is to be discussed publicly and could ruin an employee's reputation. 관찮아요 (Koenchanayo) "it's ok" is another value that undermines the appraisal system. Koenchanayo instils tolerance and appreciation towards efforts and leniency in assessing sincere efforts. Consequently, appraisals are ineffective due to the leniency of assessment. This directly translates into compensation, which does not reflect the real situation. Hence, many companies choose to determine compensation by the established aspect of seniority (Kang, 2017, p. 115; Budhwar, 2004, p. 52).

### **2.6. Labour unions**

Between the years 1998 and 2000, the number of strikes steadily increased from 129 to 250. Unions were and still are strategically situated in heavy and manufacturing industries. Therefore, all conflicts were high profile and on a very large scale. In 2002 there were many instances of unrest like the imprisonment of unionists, refusal to recognise public-sector unions, followed by the arrest of the President of the Korean Confederation of Trade Unions. His imprisonment lasted for two years on the grounds of "obstructing business" by organizing a general strike. 2003 yielded more high-profile conflicts like the strike of railway workers, which ended with more than 1000 arrests. South Korea is still very repressive towards trade union rights. It manifests in the restraining of the rights to freedom of association, collective bargaining, and strike activities (Budhwar, 2004, p. 53-54).

Labour unions have made great progress in eradicating discriminatory wage differentials between white-collar and blue-collar workers. Consequently, the blue-collar internal labour market developed in large corporations, which brought about increased labour costs. To tackle these imposing problems organisations implemented measures like multiskilling, job integration, relocation, and automation. Unfortunately, only 50% of all South Korean companies have effective labour-management committees. What is more, since 2005 we can observe an increasingly negative evaluation of labour relations (see Table 5) (Froese, 2020, p. 160-161).

**Table 5: Labour-management committees and labour relations**

	<b>Establishment of labour-management committees %</b>	<b>Effective labour-management committees %</b>	<b>Labour relations %</b>
2005	82.4	n.a.	75.0
2007	91.2	n.a.	73.6
2009	88.4	47.6	74.0
2011	94.0	53.0	65.5
2013	95.6	52.1	64.2
2015	93.8	51.0	n.a.

Source: (Froese, 2020, p. 161)

Note: The column of labour relations indicates the % of companies that evaluated their labour relations positively.

n.a. = not applicable

### 3 METHODOLOGY

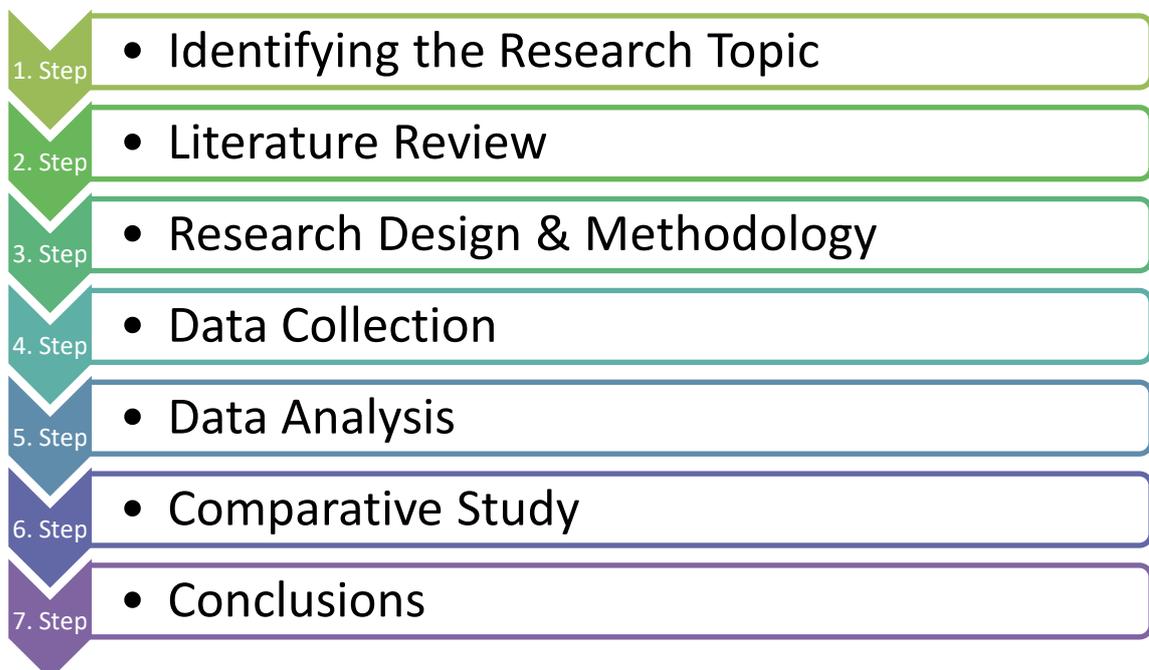
The third chapter outlines the methodology of research and contains the purpose of the research, content of research, an overview of the research design, method and criteria of sample selection, method of research, the Reactance theory, problems that appeared during research, and the overview of respondents along with a brief description of each interview process.

#### 3.1. Purpose of the research

The main purpose of the research is to analyse and evaluate the impact of historical development on present human resource management in Korean companies. The results of our research provide grounds for a better understanding of present human resource management practices in South Korean companies, especially for foreigners who can utilise this knowledge when dealing with Korean businesses.

#### 3.2. Content of the research

Fig. 1 Research Flow



Source: (Kubíková, 2011, p. 41)

Research has seven basic steps (see Fig. 1). In step one we ought to define a research problem or research question and define objectives. The second step consists of

a literature review related to the research problem, which provides us with the necessary knowledge to conduct research. Step three involves designing research and methodology. We've collected primary and secondary data for further analysis. The secondary data was collected mainly from printed publications, online journals, e-books, and other online sources. The research design also reflects experiences and preliminary data collection during study abroad in South Korea, done over the course of four months.

The primary data was collected through four semi-structured interviews. Answers of all four respondents were processed, analysed, and incorporated into the reasoning for establishing connections between historical events and their impact on aspects of present HRM in Korean companies.

### **3.3. Overview of the research design**

To employ optimal research design, we choose qualitative research. Qualitative research offers us the possibility to analyse and interpret the perception of human resource management by respondents. Merriam (2009) highlights the difference between qualitative and quantitative research, which focuses on predictions, testing theories or concluding a cause and its effect. Qualitative research intends to unveil participant's interpretations of a phenomenon. *"Qualitative researchers are interested in understanding how people interpret their experiences, how they construct their worlds, and what meaning they attribute to their experiences."* (Merriam, 2009, p. 5)

### **3.4. Sample**

According to Merriam (2009, p. 77), the most appropriate sampling method for qualitative research is non-probability sampling. This method is suitable for discovering and interpreting what occurs, the implications of these occurrences, and the relationship that exists between them. To obtain appropriate data, Merriam (2009, p. 77) outlines a purposeful selection of participants for a study, as means to acquiring information-rich cases. Purposeful sampling helped us to eliminated cases with no value to our research.

#### **Respondent group**

The respondent group was set to have these characteristics: Korean nationals with sufficient English proficiency, work experience in a Korean corporation for a minimum of two years or running an entrepreneurial venture for a minimum of two years and

willingness to participate in the research. The minimum work experience of two years was the primary criteria as work experiences are the core information we are trying to obtain. Sufficient English proficiency was selected as a criterion due to the complexity and nature of discussed topics. We did not set any upper or lower age limit for participants.

### **3.5. Method of research**

We've decided to use the method of a semi-structured interview as it is very flexible and allows for the exploration of different emerging themes in each interview. The interview aims to gather information to support establishing connections between historical events and their impact on aspects of present HRM in Korean companies. The interview consists of 4 main questions, but respondents were encouraged to answer additional questions.

#### **Semi-structured interview questions**

##### **1. Does obligatory military service influence recruitment and organisational culture?**

- The question aims to explore the effects of obligatory military service (existing due to the ongoing Korean War) on securing jobs and possible negative implications, and also to find out the perception and existence of militarism in organisational culture to confirm or contrast the opinions of Lafayette de Mente, Budhwar and Rowley

##### **2. Do employees in Korean companies exhibit loyalty to their employer?**

- The question aims to gather information to support or contradict the statement, that the practice of weekend and overtime unpaid labour, which became a norm during Park Chung Hee's era, is still ongoing.

##### **3. Do Labour unions have an influence on Korean corporations?**

- The question aims to present the current state of Labour unions in Korean corporations.

##### **4. How would you describe the relationship Koreans have towards Japan?**

- The question aims to establish limitations of data access and the sensitivity of the topic.

### **3.6. Reactance theory**

As part of the secondary research, we've also used the Reactance theory (American Psychological Association, 2020) of social psychology. *"The term psychological reactance is defined as the motivational state aroused when a person perceives that a specific behavioral freedom is threatened with elimination or is actually eliminated."* (Roeckelein, 2006, p. 507-508) As a result of the motivational state, people exhibit behavioural and cognitive efforts to reinstate lost freedoms, which are usually accompanied by negative emotions such as hostility, aggressivity, anger and discomfort (Steindl, 2015). *"For example, in times of war, citizens whose country is being occupied may feel intense hatred toward the enemy (occupiers) such that they have aggressive thoughts, and sometimes even aggressive actions, toward the enemy."* (Baumeister, 2007, p. 724).

### **3.7. Problems that appeared during research**

#### **Primary research**

One of the major obstacles we've faced was the difficulty of obtaining respondents. Due to the COVID-19 pandemic, we were restricted to online communication, therefore, unable to meet in person with Koreans living in Žilina. Personal contact is preferred as there was very low engagement from Koreans to emails. After contacting acquaintances from Korea, most expressed reservations towards participation in the research. All given a reason either a full schedule or lack of confidence in English skills. Nevertheless, we've managed to conduct four interviews in total, with two men and two women to equally represent both sides of the gender spectrum.

#### **Secondary research**

Another obstacle we've faced was access to up to date literature. Many sources regarding human resource management in South Korea, that were accessible, date back to the early 2000s. Also, the number of sources after 2015 exponentially dropped as did their availability. Unfortunately, researchers who we've contacted online did not respond to direct emails. Hence, we were unable to access their studies.

### **3.8. Respondents**

#### **Interview 1**

**Date:** 29.3.2021

**Location:** online (Omegle)

#### **Respondent No. 1**

**Gender:** female

**Ethnicity:** Korean

**Age:** 25

**Occupation:** graduate student (with two years' work experience)

The interview was conducted through an online portal Omegle, which enables strangers with common interests to connect and chat. We've connected and the Respondent 1 expressed interest in my thesis. After making sure that she met the requirements listed above in section 3.4, we've conducted the interview. The interview was timewise the shortest overall. The respondent seemed relaxed throughout the interview until we've inquired about Japan. She answered also in a very short and politically correct manner but seemed uninterested to further pursue the topic, even slightly withdrawn. The rest of the questions were answered without hesitation.

#### **Interview 2**

**Date:** 30.3.2021

**Location:** online (Skype)

#### **Respondent No. 2**

**Gender:** female

**Ethnicity:** Korean

**Age:** 30

**Occupation:** assistant section manager

The interview was conducted through Skype, as the respondent was referred to me through a mutual acquaintance. Respondent 2 has work experience abroad, as well as in Korea, to which she attributes her awareness of the difference between Korean and western HRM practices. She was eager to participate in the research but expressed her

concerns about maintaining anonymity. After making sure that she met the requirements listed above in section 3.4, we've conducted the interview. Respondent 2 was very relaxed throughout the interview process and gave some of her answers extra thought. She willingly shared her work experiences and openly talked about issues in Korean companies. She wasn't fazed about the topic of Japan but rather tried to explain how to approach this topic from my perspective in the future and with other respondents.

### **Interview 3**

**Date:** 31.3.2021

**Location:** online (Skype)

**Respondent No. 3**

**Gender:** male

**Ethnicity:** Korean

**Age:** 35

**Occupation:** Section manager

The interview was conducted through Skype, as the respondent was referred to me through a mutual acquaintance. Respondent 3 has work experience abroad as well as in Korea. He has also completed mandatory military service and offers an insight into the presence of militarism in Korean companies. Respondent 3 was willing to participate, however, expressed his concerns about keeping his identity anonymous. After making sure that he met the requirements listed above in section 3.4, we've conducted the interview. Respondent 3 was very collected throughout the interview process and tried to answer questions as clearly as possible. Nonetheless, the topic of Labour unions seemed to offset the mood of the interview. He was visibly uncomfortable answering the question. A further question about Park Chung Hee wasn't answered. The facial expressions of Respondent 3 darkened and showed how displeased he was. Once we've moved to the topic of Japan, he took additional time to make up an answer and offered a short politically correct response. Afterwards, he made a gesture for me to stop recording. Respondent 3 was upset but made sure to hide it before he spoke to me again off record.

#### **Interview 4**

**Date:** 01.4.2021

**Location:** online (Facebook Messenger)

#### **Respondent No. 4**

**Gender:** male

**Ethnicity:** Korean

**Age:** 27

**Occupation:** Self-employed (entrepreneur)

The interview was conducted through Facebook Messenger, as the respondent is a personal acquaintance from Korea. Respondent 4 is running his own business and has completed mandatory military service. After making sure that he met the requirements listed above in section 3.4, we've conducted the interview. Respondent 4 was very relaxed, sitting in a café while being interviewed. He has expressed interest in contributing to this research. His interview was the longest overall. Responses to our questions were natural and lengthy, without too much filtration of negative expressions, which can be attributed to our personal relationship and subsequent openness. Respondent 4 was quite frank when answering questions about Labour unions and Japan. Furthermore, he brought up negative connotations in the context of Korea and laid out the active denial of certain things or past events.

All four interviews were recorded and transcriptions are available as attachments to this thesis. A request was made by respondents to delete recordings after transcription in order to keep confidentiality. As anonymity can be broken through voice analysis, we've obeyed the request and deleted all four recordings.

## **4 ESTABLISHING CONNECTIONS**

The fourth chapter aims to establish connections between historical events and the aspects of human resource management in Korean companies. These connections are based on psychological Reactance theory along with evidence gathered from semi-structured interviews with Koreans. After meticulously transcribing all four interviews we can further analyse the answers of respondents and directly establish connections with historical events. To achieve the aim of this chapter we will be using methods of analysis, comparison, and deduction.

### **4.1. The influence of Japanese colonial rule**

Japanese occupation lasted for 35 years, which had great ramifications on Korean society. Major influences of Korean human resource management come from this era. Some are indirect through the influences of Japanese colonisation on culture. On the other hand, some influences were directly adopted from the Japanese human resource management.

#### **4.1.1. The influence through Confucianism and culture**

One generation of Koreans grew up in a pro-Japanese culture, which degraded and forbade everything Korean. They were taught Korean by parents, which wasn't allowed to be spoken anywhere but at home. Confucianism, the core practice of Korean culture, was again banned and replaced by foreign Shintoism. Korean society went through further "culturing and westernisation" even during American trusteeship. The question arises, how could Korean culture survive this ordeal and Confucianism re-emerge so strongly?

We can analyse the situation through the Reactance theory (American Psychological Association, 2020) of social psychology, as explained in chapter 3 section 3.6. Reactance theory. Roetzheim (2006, p. 508) mentions the magnitude of reactance aroused is directly proportional to the importance and the number of freedoms threatened, along with the extent of the threat. This theory, in turn, explains why Koreans have such a negative attitude towards the Japanese, as well as their strong fixation on collective Korean identity and a strong need to protect Korean culture. Japan as an occupier and aggressor, eliminated their freedom of religion, a right to speak their native language, and

taken away their cultural heritage. These actions aroused the motivational state in which Koreans tried to preserve and reinstate their freedoms. *"Reactance also refers to the idea that people will want something more if they are told they cannot have it. As a result, humans may act in a manner that will oppose a resistance presented to their freedom."* (Baumeister, 2007, p. 723) Hence, Confucianism became a forbidden fruit in the eyes of all Koreans, which made it even more appealing. This mechanism helped to preserve Confucianism and pass it onto the next generations in the secrecy of their homes. Once the imminent threat was removed, Confucianism re-emerged with a strong comeback.

During my stay in South Korea, I have experienced first-hand the negative attitude towards the Japanese and an exceptionally strong protectiveness of anything deemed Korean. I have pointed out to my fellow roommates that **빼빼로** (Pepero), a biscuit stick coated in chocolate, is the same as Japanese Pocky. The two snacks are visually identical, and taste-wise resemble each other. My remark received a harsh reaction from my Korean counterpart. *"No! They are not the same. They are very different. Pepero is Korean and Pocky Japanese. Pepero is much better, it has better chocolate, a better cookie stick and is Korean. You can't compare that Japanese thing to our Pepero!"* (Park Tae Woo, personal conversation, 11.10.2019) One remark about a sweet treat, just that little, was enough to start a heated lecture on Japan and the Japanese occupation.

The cultural environment has a strong influence on human resource management in South Korea. As Holcombe says, Korea has often been described as *"the most Confucian country in Asia"* (according to Froese, 2020, p. 43). However, Confucianism originated in China, and from there brought to Korea as an alternative to Buddhism (Baker, 2008, p. 42). Confucianism penetrated every aspect of Korean HRM. It most prominently manifests in the organisational culture in concepts like Taedo, Inhwa, Chung, and Uri. In recruitment, we see the influence manifesting in Yongo, relationship-based recruiting. Training and development are also very much pronounced, as in Confucianism through education virtues are developed.

Altogether, we can say that *"the colonization experience, along with the forced introduction of the Japanese language, names and labor, inculcated strong nationalist sentiments, a central psychological impetus for the later economic dynamism."* (Budhwar,

2004, p. 39) Thus, Japanese occupation has indirectly influenced Korean HRM through its ramifications on Korean culture and Confucianism, especially.

#### **4.1.2. The direct influence of Japanese HRM**

Japanese occupation brought capitalism to Korea. It has caused a sudden change in the people's way of life as they changed from farmers to factory workers virtually overnight. Confucianism has a disdain for commerce because profit-taking is seen as a form of theft. Therefore, Koreans regarded businessmen as people with little prestige. As business was primarily a Japanese thing, successful Korean businessmen were deemed collaborators and traitors because they had profited from the occupation and actively supported the Japanese regime (Peterson, 2010, p. 183).

With capitalism also came large Japanese conglomerates called *zaibatsu* like Noguchi, Mitsubishi, and Mitsui (Kim, 2005, p. 135). *Zaibatsu* can be defined as a large capitalist conglomerate centred around a single family (Britannica, 2019). These large corporations have introduced to Koreans for the first time human resource management and the corporate environment. Consequently, Korean businesses emulated the Japanese business model. This parallel is obvious just by looking at chaebols, who bear a striking resemblance to zaibatsu. Both are family-owned enterprises with ties to the government and banks.

According to Froese (2020, p. 153), Korean HRM was greatly influenced by the Japanese HRM. By looking at the core features of Japanese human resource management, which include, lifetime employment, seniority-based wage and promotion, enterprise unionism, quality management system, consensus decision-making, employee loyalty to the company and a lack of gender equality in the workplace (Powell, 2016, p. 78), we can outline the existing parallels with Korean HRM. Lifetime employment, along with the lack of gender equality, seniority-based wage and promotion was well adopted with little to no change. Whereas Budhwar (2004, p. 39) outlines a deviation in Korean HRM from the Japanese consensus of loyalty. Employee loyalty is for the most part to an individual, be it a direct superior, department head or owner. It is tightly bound to Yongo as interpersonal relationships and connections are crucial in Korean business. On the other hand, Japanese corporations enjoy a full commitment of their employees to an organisation rather than to an individual.

Gender equality in the workplace is still a present concern. All four respondents outline this problem. Reemerging themes in all interviews were the strong preference of male employees to female in recruitment, faster promotion of men, and the lack of women in managerial positions. Respondent 3 shows in his answer how severe the problem still is "*...it's, it's more male-centred in business. In the company that I work for, there are very few women. Maybe 2 or 3 interns, some entry-level positions maybe 3 but that's it.*"

We can also clearly see the gender preference in promotion and recruitment from the answer of Respondent 2 to a question: **What would happen if an older male recruit would apply for a position, where would you be his direct superior as a younger woman let's say a team manager, would he be recruited?**

*"If he had the same or better qualification as me they would hire him and give him the same position as me. He would get a direct promotion because I am a woman. In my experience, Korean men don't like to hire women because, you know, women tend to get pregnant. They don't want that because of the pregnancy leave and other things, so they would always prefer men. If they have the same education and the same experience they will prefer the man. If it was just for the entry-level position it would matter even more. The man could possibly get recruited, and then after JUST 6 months get promotion to the same position of the female direct superior if he was older. "* (Respondent 2)

#### **4.1.3. Limitations for acquiring data**

The topic of Japan is still a sensitive subject for many Koreans. Many families still live with reminders of what happened during the Japanese occupation. Due to strong feelings surrounding this topic, it would have been unkind to Korean respondents if we were to pursue comparing Korea to Japan or imply certain parallels. Consequently, research for how the Japanese occupation influenced the present management of human resource in Korean companies had to be conducted on a theoretical level from the available literature. To illustrate how reserved Koreans can be to this topic we've asked our respondents an alternative question: **How would you describe the relationship Koreans have towards Japan?**

The strongest reaction came from Respondent 3: *"Towards Japan? [20sec. silence] I mean ... generally speaking, we do not have problem with the people. Some may still feel hurt by the politics, but yeah..."* After answering the question Respondent 3

made a gesture for me to stop recording. He was uncomfortable with further talking about this topic and wished to end the interview there.

The youngest participant Respondent 1 answered also in a very short and politically correct manner. She also seemed uninterested to further pursue the topic. *"The younger generations do not usually have problem with Japan. They like to travel there and enjoy the food. They don't really care about politics nowadays. But the older generation of ajummas and ajussies still feel a bit hurt I would say. It depends on a family too how affected are they by the history. "*

Respondent 2 was more open and expressed some negative thoughts but not on a personal level, rather a more generalised view. *"I think that in a professional environment Koreans don't choose to express their hatred or their emotions for Japan, but they do have a little bit of ... distaste for Japanese people. And I think both sides! Japanese for Koreans is the same. They are just like ... Well, I think it is normal for just some country to hate their occupators even if it was like a long time in the past. Yes, Koreans do have a distaste for them."*

Respondent 4 also outlined the historical connection and the existing social issues tied with it. *"In the social way, Japan and Korea are in opposition. ... Mostly Japan did like bad things you know... In history, they did bad things and as you know we are not very happy with that. Because they said they have already apologized and paid like all ... you know the comfort women and so on. It is history and they say they already paid, and it is ... for us in our views it is not a good apology, so we now still have trouble with it. Even some comfort women are still alive, it is a small number but still alive."*

To find out about the sensitivity and controversiality of comparison between Japan and South Korea, we've decided to further inquire about how controversial is to ask people about this topic.

*"It depends on who you ask. If it is your friend and you ask a friend or a co-worker with whom you've been working for a long time, I think it is ok. ... Ehh, if it someone who you just met or if it someone who you do not know really well. I think it would be controversial ... they would not tell you their honest opinion and maybe they would be like: "Don't ask me that. I don't wanna talk about that." So yes, it could be a little bit controversial, if you ask that someone you don't know really well."* (Respondent 2)

*"...Japan was already developed country so there is a lot we learnt from them. Things like technology, HR, company operations and so on. But it was long time ago so people at that time won't admit it. You know older people still have problem with Japan. Overall stigma is not strong and young people, in general, have different feelings but some have strong feelings. Some families because of comfort women suffered and teach their kids about it. They pass the bad feelings to other generations. It depends on the family really. In workplace, you don't see much of those feelings because it is business. You see that more on political protests and in streets old people have protests against Japan. But yeah... we should learn from it and move on. "* (Respondent 4)

Respondents 2 and 4 offered a good clarification on why it is controversial and in what setting and with whom it is socially acceptable to be discussed. Respondent 4 also admits emulation of Japanese HRM by Koreans.

#### **4.2. The influence of the Korean War**

The military confrontation between the north and south, the Korean War, technically never ended. Hence, all able-bodied Korean men are required to serve in the military. Thus, *"most male employees and managerial staff experienced military training and naturally brought many army training principles into enterprise management."* (Zhu, 2007, p. 9) Additionally, many business executives were ex-officers (Budhwar, 2004, p. 40).

Below we are going to look at the answers of respondents to the first question:  
**Does obligatory military service influence recruitment and organisational culture?**

All respondents answered positively and outlined manifestations of military influence on organisational culture and recruitment. Respondents 3 and 4 referred to the influence of the military on the organisations in how they emulate the importance of hierarchy in the military, which shows in a strict vertical organisational structure. Additionally, Respondent 3 proves Budhwar's opinion, mentioned above, and shows the relationship between military rank and subsequent employment possibilities. *"What can I say is that it influences how the organisation is structured. In other words, if you have someone who served in the military as general, it is highly probable that he would be a high manager or on a high management position. Whereas someone who was lower rank would not become a manager or it is not so probable. "* (Respondent 3)

*"It is really good because it is like hierarchy in society, the military is a hierarchical society and Korean companies culture stuff has too very hierarchical structure. So, ehm, there is a lot even the employees and employers and the company structures and mostly Korean companies are mostly exporting and importing companies so the... How can I say... it is not like horizontal, mostly it is vertical."* (Respondent 4)

When further questioned about the existence of military mindset in corporations both respondents answered in accordance and clearly stated the existence of militarism in Korean corporate culture. *"Well, definitely it is like a ... you can see that Korean people and workers especially have that mindset like in the military. It is like things need to get done!... It is like in the military, you have to follow the orders of superiors."* (Respondent 3)

*"...most of like the companies in South Korean market, are you know, like pretty much the same like the units in military service."* (Respondent 4)

The next theme that emerged strongly was military service and recruitment, which affects especially men. All four respondents talked about the issue of respect, existing stigma and military history as an advantage in gaining senior position.

Respondent 1 very clearly expressed the need for the completion of military service: *"...of course they will not recruit someone who did not complete the military service..."*

Respondents 2 and 3 in their answers pointed out how completion of military service is associated with respect, personal competence, adulthood, and ramifications on securing a job. *"...there would be no respect for a man who did not go through military service... Koreans think that men who didn't go through military service are babies and they didn't grow up."* (Respondent 2)

*"It is like with a university degree, if you have military service it says that you can accomplish something hard and have discipline....If you don't have it ... I mean it is not mandatory for recruitment, but you should have it. There are very small chances without it."* (Respondent 3)

A curious situation in recruitment can happen due to the length of military service. For example, in the navy or air force, it is two years and two month or two years and four

months respectively (The Republic of Korea, 2011). Thus, Korean men tend to start their professional career two and a half to three years later than women. As we know, Korean society is thanks to Confucianism very age centred and male dominant. Consequently, we've asked respondents a supplementary question: **What would happen, if an older male recruit would apply for a position, where would a younger woman be his direct superior let's say a team manager, would he be recruited?**

Respondents came to a consensus that yes, the company would probably hire him, though they would put in certain measures to "save face" and keep the societal order. Respondent 2 described the situation as follows: *"If he had the same or better qualification as me, they would hire him and give him the same position as me. He would get a direct promotion because I am a woman...The man could possibly get recruited, and then after JUST 6 months get promotion to the same position of the female direct superior if he was older. Age does matter a lot in Korean companies."*

It is apparent from the answers of respondents that the Korean War, which legacy still lives in the form of mandatory military service, does influence securing jobs, and has some negative implications. The opinions of Lafayette de Mente, Budhwar and Rowley were confirmed as militarism is present in the organisational culture of Korean companies even in the present day, confirmed by all respondents.

### **4.3. The influence of Park Chung Hee**

South Korea also experienced long authoritarian and military rule, which lasted for 25 years until the year 1987 (Budhwar, 2004, p. 40). General Park Chung Hee is responsible for the great advancement of South Korea from an economic standpoint. However, his attitude towards Labour unions (read section 1.4.4. Labour force p. 9) unpaid work and exploitation of the labour force as loyalty to the country, made its mark on Korean society. Through the question: **Do employees in Korean companies exhibit loyalty to their employer?** We've aimed to gather information about the weekend and overtime unpaid labour and if it is still an ongoing practice.

Indeed, all respondents expressed in their answer that employees in Korean companies do exhibit loyalty towards their employer. Loyalty is shown in two major ways, by working in the same company for the entirety of their career and by spending as

much time as possible at work. According to our respondents, Koreans like to describe and treat the company they work for similarly to their own family.

Respondent 3 highlights the family-like attitude and the time dedication to work in his answer: *"Definitely, they show loyalty by the time, which they spend in the company. That means that they spend as much time as possible in work and also, they show their respect to superiors. You know in Korean culture we bow a lot. You treat your company as your family, so you respect the elders. The older someone is the more respect you show."*

To further explore the long working hours and compensation for invested time, we've asked another supplementary question: **Is it common to work overtimes and over the weekend?** The answer of Respondent 2 reflects the common notion of all responses the best: *"Work overtime is not called overtime; it is just called work in a Korean company. To work overtime in Korean company, it goes like this: when your superior is in the work, you are in the work. When the superior leave you can leave. Even if the superior came at 8 am and left at 8 pm you are supposed to leave later than 8 pm. So, like overtime that's just part of your routine. Work over the weekends, they usually try not to work over the weekends. If there is some problem it is obligatory to go to work, but it is not like they would be spending every weekend at the job."*

Respondent 1 also brought up an interesting situation of trainees who continue studying even when recruited. *"Overtime yes and especially when it comes to studying when you are a trainee. It starts in the morning until the evening and sometimes you don't even sleep. "*

When further asked about compensation for overtimes, all respondents answered similarly. As a representation, we can use the answer of Respondent 2: *"Well, there is a fixed pay for the amount of work you do every month and it doesn't matter if you had been working like 3 hours a week or 60 hours a week. The pay is the same, but you may get some bonuses from what I've seen."*

From the presented evidence in the form of respondent answers, we can conclude that unpaid overtimes are still an ongoing practice in Korean corporations. According to our respondents, weekend labour became more sporadic, which is well received by employees.

To find out the current state of Labour unions in Korean corporations we asked our respondents a question: **Do Labour unions have an influence on Korean corporations?** Responses to this question vary and are not as unanimous. Respondents 1 and 3 offered us very short and definitive answers.

Respondent 1 seemed unaware of Labour unions and what they do. *"Oh I that don't really know...I don't really have any experience with Labour Unions. I didn't even hear anything like that from my friends."* (Respondent 1)

Respondent 3 seemed visibly uncomfortable answering the question, he kept averting his gaze around the room and took longer to formulate an answer. *"Hmm, I don't ... I guess ... I would not say like in the west. They do more things like employee gifts like tickets to movies and sport facility bonuses or cafeteria related stuff."* (Respondent 3)

Respondent 2 gave us a more insightful answer: *"Hmmm, in Korean corporations in Korea not much. In Korean corporations outside of Korea very much. Korean corporations in Korea usually have some discussions with labour union buuut maybe about little things like a cafeteria for example or like if they will build a health centre or something like that, maybe, but about the working conditions not really. Outside of Korea labour unions are a big deal so they have to have a discussion with the about working conditions, work environment and such. Korean corporations do not like labour unions, but they have to, so they do have a discussion."* This response gives a good contrast of the influence of Labour unions on Korean corporations in South Korea and foreign countries.

Respondent 4 mentioned the same dislike for Labour unions by Korean corporations but added interesting information about the current involvement of the government. *"But nowadays the government like set up a policy like a 52 hours a week policy.... These policies did not exist before. Labour unions are now gaining more power because of the government attitude. Now the government is trying to change things. I think the Labour unions are getting big because of the government support. Some companies like production factories working 24/7 for them it is unfair. It is like the factory employees can work only 52 hours a week it is difficult for the company. ... Sometimes it is unfair but sometimes it is good for the welfare of employees, so we must do it."*

The next question aimed to find out the influence of Park Chung Hee's thinking and actions on the present behaviour and treatment of Labour unions. **Do you think that state-controlled or outlawed Labour unions during Park Chung Hee's era influenced the present behaviour and treatment of Labour unions?** Respondent 3 replied again very shortly and did not engage further. The respondent seemed displeased with the question and kept frowning. *"I don't know, I can't say much about this..."* (Respondent 3)

Even though Respondent 1 did not have any personal experience with labour-related issues, she did answer. *"I would say yes because he influenced how the older generation of ajummas and ajussies look at it. People in their 40s to 60s who are still working as department head and managers were affected by his thinking. In contrast, younger people do not care much anymore. Young people think very differently, especially people in their 20s."* The respondent drew her answer probably from the general knowledge of Koreans and the magnitude of influence on the generations, who lived and grew up during Park Chung Hee's era.

Respondent 4 covers the same idea as did Respondent 2 in her answer, therefore, we will proceed to analyse just the answer of Respondent 4: *"Uhhh, you know, nowadays Koreans in Korea might get very ... The point is the western new companies are coming in and we are trying to get westernised. We are now trying to follow the western labour rules. I mean the Park Chung Hee's behaviour still like control or like like the old-fashioned way... We can like you know deny it anyway. Because like the westernised is getting faster and they are setting new culture. So, I think, the people who behave differently even though the Park Chung Hee influence is still there... I mean in the past days that was right but now it must be changed. Something should change in how we treat labour force."* Respondent 4 clearly states that there is still the influence of Park Chung Hee on the treatment of Labour unions. It is interesting to see how the respondent was trying to phrase his answer to be politically correct, yet he unveils the possibility of obtaining false answers from other people as he says: *"We can like you know deny it anyway."* From his answer, it is apparent that South Korea is trying to emulate new western labour practices and the new generation coming into the workforce could turn things around. Thus, another question arises: Will the influence of Park Chung Hee's

thinking and past actions diminish in the next 10 years due to generation Z joining the workforce?

The general perception by workers is that Labour unions do not have much influence in Korean companies nowadays. However, with governmental support Labour unions could gain momentum and better the situation of workers with their deeds. Korean corporations deem Labour unions as a nuisance to their efficient operation. Respondent 2 nicely contrasted the magnitude of influence of Labour unions on Korean companies in South Korea and outside South Korea. After analysing responses to the second question we can say that the influence on the present treatment of Labour unions by Park Chung Hee's actions and thinking is prominent. On the other hand, we must take into account current ongoing changes from westernisation and generational exchange. These changes may alter the present situation in the near future.

## 5 ANALYSIS AND EVALUATION OF THE IMPACT OF HISTORICAL DEVELOPMENTS ON PRESENT HUMAN RESOURCE MANAGEMENT IN KOREAN COMPANIES

In the fifth chapter, we are going to analyse and evaluate the impact of historical developments on present human resource management in Korean companies. The analysis and evaluation are based on the gathered information from semi-structured interviews and secondary literature research along with the established connections between historical events and aspects of Korean HRM from chapter 4. To achieve the aim of this chapter we will be using methods of analysis, comparison, and deduction.

In the table below we present a summary of historical influences on Korean HRM and their manifestation in the pre-1987 period and present. The pre-1987 period of Seniority-based HRM is the first recognised phase of human resource management in Korea (Kang, 2017, p. 11). All historical developments also took place before the year 1987. Hence, they had the strongest influence on the first phase of Korean HRM. Comparison between pre-1987 and present Korean HRM shows us the lasting effects of historical developments and the degree of change undertaken from 1987 until today.

**Table 6: Summary of historical influences on Korean HRM and their manifestation in the pre-1987 period and present**

Historical influence	HRM aspect	Pre-1987	Present
Japanese colonial rule	Organisational culture	<ul style="list-style-type: none"> <li>• A strong influence of Confucianism</li> <li>• concepts of Taedo, Inhwa, Chung and Uri</li> <li>• Top-down decision making</li> <li>• Paternalistic leadership</li> <li>• Lack of gender equality in the workplace</li> </ul>	<ul style="list-style-type: none"> <li>• Persisting influence of Confucianism</li> <li>• concepts of Taedo, Inhwa, Chung and Uri still present</li> <li>• Top-down decision making</li> <li>• Paternalistic leadership</li> <li>• Lack of gender equality in the workplace (very slowly changing)</li> </ul>

Historical influence	HRM aspect	Pre-1987	Present
Japanese colonial rule	Recruitment	<ul style="list-style-type: none"> <li>• Mass recruitment</li> <li>• Yongo based</li> <li>• Gongchae (large conglomerates)</li> </ul>	<ul style="list-style-type: none"> <li>• Demand Recruitment</li> <li>• Yongo based (high managerial positions)</li> <li>• Gongchae (standardised practice for most companies)</li> </ul>
	Training and development	<ul style="list-style-type: none"> <li>• Cultivation of all employees</li> <li>• Education as a Confucian virtue</li> </ul>	<ul style="list-style-type: none"> <li>• Training for high performing employees</li> <li>• Overseas programmes</li> <li>• Vocational schooling</li> </ul>
	Promotion and rewards	<ul style="list-style-type: none"> <li>• Pure seniority-based promotion and pay</li> </ul>	<ul style="list-style-type: none"> <li>• A mixture of seniority-based and performance-based promotion</li> <li>• Partial adoption of ability-based pay</li> <li>• Loyalty bonuses</li> </ul>
The Korean War	Organisational culture	<ul style="list-style-type: none"> <li>• Vertical organisational structure</li> <li>• Militaristic mindset</li> <li>• Strong hierarchy (chain of command)</li> </ul>	<ul style="list-style-type: none"> <li>• Vertical organisational structure</li> <li>• Militaristic mindset</li> <li>• Strong hierarchy (chain of command)</li> </ul>
	Recruitment	<ul style="list-style-type: none"> <li>• Requirement of military service completion</li> <li>• A direct link between military rank and subsequent corporate position</li> </ul>	<ul style="list-style-type: none"> <li>• Requirement of military service completion</li> <li>• A direct link between military rank and subsequent corporate position</li> </ul>
Park Chung Hee	Labour Unions	<ul style="list-style-type: none"> <li>• Do not play a major role or outlawed</li> </ul>	<ul style="list-style-type: none"> <li>• Rising influence</li> <li>• Governmental support</li> <li>• Influence of western unionism</li> </ul>

Historical influence	Historical influence	Pre-1987	Present
Park Chung Hee	Labour Unions	<ul style="list-style-type: none"> <li>• Stigmatised among employers and society</li> </ul>	<ul style="list-style-type: none"> <li>• Stigmatised among employers and society</li> </ul>
	Organisational culture	<ul style="list-style-type: none"> <li>• Strong employee loyalty</li> <li>• Regular weekend workdays</li> <li>• Daily overtime</li> <li>• Unpaid labour</li> </ul>	<ul style="list-style-type: none"> <li>• Strong employee loyalty</li> <li>• Rare weekend work</li> <li>• Daily overtime</li> <li>• Different bonuses</li> </ul>

Source: Own summary based on research and literature review.

### 5.1. Japanese colonial rule

Japanese colonial rule had a great influence on the cultural environment of Korea during the assimilation period, which impacted the psyche of Korean citizens. Through the Reactance theory of social psychology, we've explained the later hyper-compensation of Confucianism and its penetration of the corporate environment. It most prominently manifests in the organisational culture in concepts like Taedo, Inhwa, Chung, and Uri, which are continually upheld even in the present day. In recruitment, we see the influence manifesting in Yongo (relationship-based recruiting), which is now more commonly used for recruitment in high-profile jobs or high managerial ranks as opposed to the pre-1987 period when it was the main recruitment practice. Training and development are now also conducted more efficiently and effectively for employees, but companies still upkeep the lengthy training of recruits and invest large portions of capital into building new training facilities. Confucianism is a crucial part of Korean identity as a whole, therefore its influence is diminishing only very slowly due to globalisation and westernisation of business.

From an analysis of literature, we've outlined the origins of certain practices, which were traced to Japanese HRM. The seniority-based wage and promotion are still prevailing, however, with certain modifications. Seniority is still the most prominent factor in gaining promotion, although performance became the second major factor. Security of lifetime employment is still prevailing, which was proven by all respondents in their respective interviews. Adoption of a male-centred business culture from Japanese

companies coupled with a Confucian preference for males created immense gender inequality in the workplace. At the present day, we would expect the severity of the problem to be very low, but on the contrary, it is still a pressing concern. The re-emerging theme in all interviews was the strong preference of male employees to female in recruitment, faster promotion of men, and the lack of women in managerial positions.

The Japanese colonial rule is still influencing the present management of human resource in Korean companies. The main influence comes from developments, which caused the hyper-compensation of Confucianism and its subsequent penetration of the corporate environment in Korea. HRM practices adopted from Japanese companies during the colonial era are easily identified in Korean companies even in the present day.

## **5.2. The Korean War**

The Korean War influenced Korean HRM, especially through mandatory military service. It has far-reaching consequences on the organisational culture and recruitment. As all men go through military service, they carry aspects of it into business. There is no difference between pre-1987 and present influence, it stayed the same. Militarism can be observed in a rigid vertical organisational structure with a hierarchical chain of command. Departments of companies were described to function as military units by respondents. There is also a direct link between military rank and the subsequent corporate position. High ranking military officers commonly acquire positions in higher management and translate their militaristic leadership into managerial work.

Recruitment is also affected by military service as men who didn't complete it are likely to be rejected because they are not seen as capable adults. If they manage to secure a job they are subjected to mockery and segregation from colleagues. Another issue is that men enter the workplace in general two years later than their female counterparts, which can create a socially uncomfortable situation of a younger female direct superior. Companies deal with this problem by fast promotion of male recruits to match the female's position. On one hand, one social crisis is avoided but gender inequality and difference of treatment based on sex is ever more prominent.

The Korean War directly impacts the recruitment and organisational culture of Korean companies through mandatory military service. Elimination of this influence is highly unlikely as the Korean War has never officially ended and mandatory military

service has to be in place until it does end. However, the South Korean government is continuously shortening the length of the military service, which could favourably affect young men and decrease the influence of militarism on their behaviour and the overall influence on Korean corporations.

### **5.3. Park Chung Hee**

In the pre-1987 period, Labour unions had no major influence or were banned by Park Chung Hee's administration. If we compare the present influence of Labour unions in South Korea to Park's era, we may conclude that there has been a major shift in their power and influence. Nevertheless, if we compare the power and influence of Labour unions in the west to those in South Korea, we see how small their influence is. Respondent 2 also described this difference in magnitude of influence of Labour unions on Korean companies in South Korea and outside South Korea. The depiction of Labour unions as nuisances to the efficient operation of companies by Park is still a prevailing opinion of employers. From the gathered information, we can assume that the general perception by workers is that Labour unions do not have much influence in Korean companies nowadays.

Despite the unfavourable situation and low recognition of Labour unions by the public, the South Korean government is actively supporting Labour unions through legislative measures. Generations affected the most by Park Chung Hee's thinking are currently present at the most senior managerial positions. Thus, their opinions are reflected in the relationship between the company and Labour unions. From the answers of respondents, the younger generations are more affected by western thinking and the treatment of Labour unions. Then the question arises: Will the situation rapidly change after generational substitution on senior managerial positions?

Another emerging influence of Park's era is employee loyalty exhibited through the dedication of personal free time to work. In the pre-1987 period, it was common to work weekends, daily overtimes with no additional compensation. This behaviour was justified as loyalty to the employer and patriotism as one is willing to sacrifice one's free time to help to rebuild the country. Nowadays, South Korea is one of the leading economies of the world and yet a modified version of this practice is still around. Daily overtimes are standard, but weekend work is no more mandatory, only in case of an

emergency. We must note that compensation for overtimes is not regular. According to respondents only a fraction of companies offers overtime compensation. Some companies do have loyalty or performance bonuses.

Altogether the influence of Park Chung Hee's era and thinking is still present and strong. Due to the globalisation of business, Korean companies started modifying some of their approaches to Labour unions and the welfare of employees. However, the changes are very small and only modify the outcome of certain practices but never change the core of the practice.

## Conclusion

The main goal of the thesis was to analyse and evaluate the impact of historical development on present human resource management in Korean companies. The first chapter described and analysed Korean modern history, focusing especially on the economic and social impact of Japanese colonial rule, the division of the Korean peninsula, the Korean War, and the post-war influence of Syngman Rhee and Park Chung Hee. In the case of Park Chung Hee, we've highlighted his actions under the Yushin constitution toward Labour unions.

The second chapter consisted of a definition of human resource management in general and described certain aspects of human resource management in South Korea. We've focused mainly on aspects, which had a possibility of historical influence and were widely discussed in literature concerning Korean HRM. The third chapter contained the methodology of research and formulated bases for a semi-structured interview.

The fourth chapter focused on establishing connections between historical events and the aspects of human resource management in Korean companies. Through the Reactance theory of social psychology, we've explained the later hyper-compensation of Confucianism and its penetration of the corporate environment due to Japanese assimilation efforts. From an analysis of literature, we've outlined the origins of certain practices in Korean HRM, which are still prevailing, and their coherence with Japanese HRM. The evidence gathered from semi-structured interviews with four Koreans explained the sensitivity of Japan as a topic in Korea; the connection of the Korean War through mandatory military service with present recruitment practices and militaristic organisational culture; as well as the extent of influence of Park Chung Hee's thinking and past actions on the current state and treatment of Labour unions.

The fifth chapter analysed and evaluated the impact of historical developments on present human resource management in Korean companies. The analysis and evaluation are based on the gathered information from semi-structured interviews and secondary literature research along with the established connections between historical events and aspects of Korean HRM from chapter 4.

Due to the complexity of the topic and nature of the bachelor's thesis, the research faced some limitations. Other limitations were the lack of up to date literature along with a number of willing respondents. However, this thesis could serve as a basis for further research on this complex topic.

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#### Personal consultation chapter 4

PhDr. Lukáčová Katarína – clinical psychologist

MUDr. Ďuricová Miroslava – psychiatrist

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## **List of abbreviations**

ASEAN – Association of South-East Asian Nations

APEC – Asia-Pacific Economic Cooperation

BARS – Behaviourally Anchored Rating Scales

DMZ – Demilitarized Zone

DPRK – Democratic People’s Republic of Korea

EPB – Economic Planning Board

G20 – Group of Twenty

GDP – Gross Domestic Product

HRM – Human resource management

IMF – International Monetary Fund

MBO – Management by objective

OECD – Organisation for Economic Co-operation and Development

ROK – Republic of Korea

UN – United Nations

UNC – United Nations Command

UNTCOK – the United Nations Temporary Commission on Korea

WHO – World Health Organization

WTO – World Trade Organization

## **Attachments**

### **Interview 1**

**IN:** Does obligatory military service influence recruitment and organisational culture?

**R1:** Well ...yes definitely it does and of course they will not recruit someone who did not complete the military service, because they have to go away for two years and later also the military service reflects on how people treat each other, especially men.

**IN:** Does obligatory military service influence the work-relationship between men and women in an organisation?

**R1:** Hmm I would have to think about it, but I would say it does... hmmm

**IN:** Ok, we can rephrase that. Is there any double standard between how men treat each other and how they treat women?

**R1:** Well uhm, the women are always on the lower ranks and it is very hard for women to get promoted, whereas men have it a LOT easier I would say.

**IN:** Another question to this topic what would happen, if an older male recruit would apply for a position, where would you be his direct superior as a younger woman, would he be recruited?

**R1:** Hmm, a difficult question. In some cases, they would, but it depends on the company and how important is the hierarchy. Nowadays, they probably would if they have younger people in the department.

**IN:** Do employees in Korean companies exhibit loyalty to their employer?

**R1:** Yes, they do very strongly.

**IN:** In what way do they exhibit it?

**R1:** They usually stay in one company for many years even decades. Especially the older workers, they stay in one company for 20 or 30 years. The younger generation nowadays changes companies a bit, but they are always looking for something permanent. A company where they can stay and work themselves up slowly and that usually takes a lot of time.

**IN:** And do you usually work overtime or over the weekends in the company?

**R1:** Overtime every day, weekends personally not so much. But it again depends on the company. Overtime yes and especially when it comes to studying when you are a trainee. It starts in the morning until the evening and sometimes you don't even sleep.

**IN:** Wow, that's something!

**R1:** Yes, it is. My friend is just going through it, so I know how hard it is. She started working in a bank recently, poor thing.

**IN:** So, do you get paid for those overtimes?

**R1:** [Deep sigh] Usually no, but again it depends on the company. There are companies that do, and there are companies that don't.

**IN:** Do Labour unions have an influence in Korean corporations?

**R1:** Oh, I that don't really know...I don't really have any experience with Labour Unions. I didn't even hear anything like that from my friends. Even if they were talking about some work drama, nothing with Labour. I have to say that though my all of my friends work for smaller companies, not conglomerates like Samsung. Most of them work in banks and they don't really have Labour unions and never talk about it.

**IN:** Do you think that state-controlled or outlawed Labour unions during Park Chung Hee's era influenced the present behaviour and treatment of Labour unions?

**R1:** I would say yes because he influenced how the older generation of ajummas and ajussies look at it. People in their 40s to 60s who are still working as department head and managers were affected by his thinking. In contrast, younger people do not care much anymore. Young people think very differently, especially people in their 20s.

**IN:** How would you describe the relationship Koreans have towards Japan?

**R1:** The younger generations do not usually have problem with Japan. They like to travel there and enjoy the food. They don't really care about politics nowadays. But the older generation of ajummas and ajussies still feel a bit hurt I would say. It depends on a family too how affected are they by the history.

**IN:** So, is it controversial to talk about Japan with people over 50?

**R1:** Yes, it is controversial, but it all depends on who you talk to. In general, it is controversial to talk to people about Japan because of politics and history.

## **Interview 2**

**IN:** Does obligatory military service influence recruitment and organisational culture?

**R2:** Hmm, it does, and it doesn't. Of course, I don't think the older generation of Korean men would not like to see a guy who did not complete the military service in their company at some higher position. If it is a part-time job or summer job, I think that would be ok, but there would be no respect for a man who did not go through military service. For women, it does not really matter. Even if they have gone through it or not. Some women do serve in the army if they want to. I don't think it matters which type of military service they did be it army, air force or navy. Well, when someone says they were in the navy or air force, people be like "Wow that's so cool!" Because they serve for longer not two years, but two and a half or three. I am not sure. In the workplace, they ask you have you done your military service? If you answer no ... then they say just Goodbye.

**IN:** Another question to this topic what would happen, if an older male recruit would apply for a position, where would you be his direct superior as a younger woman let's say a team manager, would he be recruited?

**R2:** If he had the same or better qualification as me, they would hire him and give him the same position as me. He would get a direct promotion because I am a woman. In my experience, Korean men don't like to hire women because, you know, women tend to get pregnant. They don't want that because of the pregnancy leave and other things, so they would always prefer men. If they have the same education and the same experience, they will prefer the man. If it was just for the entry-level position it would matter even more. The man could possibly get recruited, and then after JUST 6 months get promotion to the same position of the female direct superior if he was older. Age does matter a lot in Korean companies.

**IN:** Does obligatory military service influence the work-relationship between men and women in an organisation?

**R2:** I don't think this influences women much, other things do more. It influences more the relationship between men. I don't think that military service has much to do with work-relationships between men and women. What matters really is age and gender itself, to be honest.

**IN:** What about between men, if there is a guy who did not complete the military service, do they treat him differently?

**R2:** Of course, they treat him very differently.

**IN:** Even if he could not complete the service due to health problems?

**R2:** Yes, even in that case. I have experience with this because I was working with this young man who did not complete his military service yet and he was already 28. The other men always made fun of him. They called him a young boy, a baby and would not treat him the same. He wasn't a manly man; he was a baby boy. So, I do think there is a little bit of stigma for not going through military service because I think, that Koreans think that men who didn't go through military service are babies and they didn't grow up.

**IN:** Do employees in Korean companies exhibit loyalty to their employer?

**R2:** Yes! Very much! This is how it goes, you graduate from a university and get a job in one company and stay there until the end of their life, so they are very very loyal. Sometimes they stay even on the same level of the work, which means for like manual jobs, the low tier workers usually just like for 15 years do the same job every day. So yes, this is how loyal they are. I saw it when a girl came to our company and they looked at her CV. She had been working in two other companies before and they were like "Why did you choose to like come to our company? Why didn't you stay with that company?" Oh, and she said: "Because I didn't like the environment and I wanted to get..., I wanted to have a bigger chance for a good carrier." And they didn't take her, because they were like oh, she is not loyal we don't want that kind of girl here.

**IN:** And do you usually work overtime or over the weekends in the company?

**R2:** Work overtime is not called overtime; it is just called work in a Korean company. To work overtime in Korean company, it goes like this: when your superior is in the work, you are in the work. When the superior leave you can leave. Even if the superior came at 8 am and left at 8 pm you are supposed to leave later than 8 pm. So, like overtime that's just part of your routine. Work over the weekends, they usually try not to work over the weekends. If there is some problem it is obligatory to go to work, but it is not like they would be spending every weekend at the job. Because I think today it is getting better and better. A few years ago, they had to work weekends too. Nowadays they really care about their families, so they try to spend the weekend with family.

**IN:** So, do you get paid for those overtimes and weekends?

**R2:** Well, there is a fixed pay for the amount of work you do every month and it doesn't matter if you had been working like 3 hours a week or 60 hours a week. The pay is the same, but you may get some bonuses from what I've seen.

**IN:** Do Labour unions have an influence in Korean corporations?

**R2:** Hmm, in Korean corporations in Korea not much. In Korean corporations outside of Korea very much. Korean corporations in Korea usually have some discussions with labour union buuut maybe about little things like a cafeteria for example or like if they will build a health centre or something like that, maybe, but about the working conditions not really. Outside of Korea labour unions are a big deal so they have to have a discussion with the about working conditions, work environment and such. Korean corporations do not like labour unions, but they have to, so they do have a discussion.

**IN:** Do you think that state-controlled or outlawed Labour unions during Park Chung Hee's era influenced the present behaviour and treatment of Labour unions?

**R2:** I think it did to a certain point. I think it did for the newer generations that are now starting to work in higher management positions. But for the older generation not really. The older generation is like, this is my way and I am going to do it my way, but the newer generations are trying to change it and maybe it had some impact on it.

**IN:** How would you describe the relationship Koreans have towards Japan?

**R2:** Well, Japan. I was working in a Korean company and the neighbouring company was Japanese, the Hitachi. Every day at lunch you could hear some funny little think about Japan and Japanese people and such. I think that in a professional environment Koreans don't choose to express their hatred or their emotions for Japan, but they do have a little bit of ... distaste for Japanese people. And I think both sides! Japanese for Koreans is the same. They are just like ... Well, I think it is normal for just some country to hate their occupators even if it was like a long time in the past. Yes, Koreans do have a distaste for them.

**IN:** Is it controversial to ask about this topic?

**R2:** It depends on who you ask. If it is your friend and you ask a friend or a co-worker with whom you've been working for a long time, I think it is ok. They will just tell you their opinion and you go on. Ehh, if it someone who you just met or if it someone

who you do not know really well. I think it would be controversial because Koreans like to be seen as really ok, cool and they don't have a worry in life, and they love everything. So, they would not tell you their honest opinion and maybe they would be like: "Don't ask me that. I don't wanna talk about that." So yes, it could be a little bit controversial, if you ask that someone you don't know really well.

### **Interview 3**

**IN:** Does obligatory military service influence recruitment and organisational culture?

**R3:** What can I say is that it influences how the organisation is structured. In other words, if you have someone who served in the military as general, it is highly probable that he would be a high manager or on a high management position. Whereas someone who was lower rank would not become a manager or it is not so probable.

**IN:** Do you feel like there is some kind of military mindset and discipline in the company?

**R3:** Well, definitely it is like a ... you can see that Korean people and workers especially have that mindset like in the military. It is like things need to get done! Well, it is like ... I don't know how to explain it but definitely you can see it. It is just things need to get done. For example, you have a company in Korea and then you have a Korean company abroad and your employer says you have to go there it is kind of like a mission. You would accept that because you are loyal to your company, which is like your family, you know.

**IN:** Does not completing the military service influence recruitment?

**R3:** Oh well, I think it does influence it. It is like with a university degree, if you have military service it says that you can accomplish something hard and have discipline. You have to serve a couple of years, depends on where you go. If you don't have it ... I mean it is not mandatory for recruitment, but you should have it. There are very small chances without it.

**IN:** Does obligatory military service influence the work-relationship between men and women in an organisation?

**R3:** [deep sigh] Yeah, I think it does. As I talked about leadership you know, about generals and the lower rank from the military. It definitely...it's, it's more male-centred in business. In the company that I work for, there are very few women. Maybe 2 or 3 interns, some entry-level positions maybe 3 but that's it. Uhhhh... as you know someone who has completed the military service has bigger respect I would say.

**IN:** Do employees in Korean companies exhibit loyalty to their employer?

**R3:** Definitely, they show loyalty by the time, which they spend in the company. That means that they spend as much time as possible in work and also, they show their respect to superiors. You know in Korean culture we bow a lot. You treat your company as your family, so you respect the elders. The older someone is the more respect you show. For example, if you are younger and have opinion about something but your leader or manager, or even someone who is older has different opinion... It is inevitable that first, you try the way the older says. You will try it one time, you will try it two times and then MAYBE your opinion will get accounted. It is like in the military, you have to follow the orders of superiors. It may be a bit different in Korean companies abroad. They may be more open, but not in Korea.

**IN:** Is it common to work overtimes and over the weekend?

**R3:** Overtimes are errrrr... usual, weekends also at least Saturday morning, I think.

**IN:** And are these overtimes and weekends reflected in your salary?

**R3:** It is part of the normal salary. In some Korean companies, you don't have a performance bonus for example. You usually receive in all Korean companies something like loyalty bonus, that means that the more years you are in the company the more you get for this bonus. In Korea, overtimes are not overtimes it is normal work. Staying in company and working means you show your loyalty to the company, so it is connected.

**IN:** Do Labour unions have an influence in Korean corporations?

**R3:** Hmm, I don't ... I guess ... I would not say like in the west. They do more things like employee gifts like tickets to movies and sport facility bonuses or cafeteria related stuff. (Interviewee seemed visibly uncomfortable answering the question.)

**IN:** Do you think that state-controlled or outlawed Labour unions during Park Chung Hee's era influenced the present behaviour and treatment of Labour unions?

**R3:** I don't know, I can't say much about this... (Interviewee did not answer the question and seemed displeased)

**IN:** How would you describe the relationship Koreans have towards Japan?

**R3:** Towards Japan? [20sec. silence] I mean ... generally speaking, we do not have problem with the people. Some may still feel hurt by the politics, but yeah... (Interviewee makes a gesture for me to stop recording.)

#### **Interview 4**

**IN:** Does obligatory military service influence recruitment and organisational culture?

**R4:** So, as you know it is very obligated to go to military service for every man. Like if you are older than 20 the Korean men are mostly mandatory for their duty, the military duty. It is really good because it is like hierarchy in society, the military is a hierarchical society and Korean companies culture stuff has too very hierarchical structure. So, ehm [20 sec. pause], there is a lot even the employees and employers and the company structures and mostly Korean companies are mostly exporting and importing companies so the... How can I say... it is not like horizontal, mostly it is vertical. So, I mean it is good when mostly the company structure is vertical. It means that the CEO is very important and very crucial, and the CEO's opinions influence on the outcome of the company, so that is very crucial.

**IN:** Do you feel like there is some kind of military mindset and discipline in the company?

**R4:** Uhh, yeah! Mostly the military units are the same like in the Korean company. But nowadays the word international company has come to Korea. And some companies settled down here and they want to be like westernised company structures and that's what they uhh... How can I say... long for, but it is very hard because it has been like 40 years, so you know, most of like the companies in South Korean market, are you know, like pretty much the same like the units in military service.

**IN:** Does obligatory military service influence the work-relationship between men and women in an organisation?

**R4:** Mostly yeah, it is pretty much hard to say. It depends on the company and there was actually an issue about it. Since 10 years ago or something like that. So, girls didn't go to military service and boys do the military service, and it was kinda like sexist because of gender. Kind of like gender problems. First of all, what the issue was like you don't do the military service and go to a company. But when you do military service and go to a company it was recognised by the government, so your promotion is faster than woman's in the company. It is because your experience in the military was guaranteed. That was pretty much the issue 5 years ago. Now they finished it and got rid of the policy and, ehh ..., made it pretty much fair. Because some people thought that was pretty much

unfair, so even I agree with it. And mostly like even the small companies like trading companies are very strict and they are very old-fashioned style. So, they are like boys can do on their own, because men could do stuff like drink with the relationship companies and things like that.

**IN:** Another question to this topic what would happen, if an older male recruit would apply for a position, where would a woman be his direct superior as a younger woman let's say a team manager, would he be recruited?

**R4:** Well, the generations before are not really ok with that but nowadays it is possible. It is important who is the woman's boss. If the department is strict and old style of management, they won't take him. Nowadays woman in a high position is more, but they have to have a lot of skill. If they work well and had good skills people will recognise that. It is harder to be recognised as a woman. Work experience is now very important because it is related to the company's outcome. So, work experience and work proficiency are now crucial part ... if you are good at it you get incentives.

**IN:** Do employees in Korean companies exhibit loyalty to their employer?

**R4:** Like mostly, I don't know ... Some people are simply just sucking up to get a promotion, they do it because everyone else does it. Others try to work for the company like it is a family. People usually work in one company for the whole life. My father works in the same company for 35 years.

**IN:** Is it common to work overtimes and over the weekend?

**R4:** Yeah, that's true like mostly Korean people work late, so work at night. Sometimes they work the whole night. Even my brother got a job in my hometown it's a normal workday you don't need to work late, but yes it is like his boss does not go home ... that's why he has to stay in the company for the time the boss is there. He can leave after he does. Because his boss is in the office he can't leave to go home. It is kind of like that structure.

**IN:** And do you receive compensation for the overtime?

**R4:** Mostly not. Well, it depends on the company and what kind of overtime it is. If there is an emergency and you all work hard you may get a bonus. Most companies don't pay for overtime.

**IN:** Do Labour unions have an influence in Korean corporations?

**R4:** Yeah, the labour unions are very complex thing in Korea, I think. Mostly the companies don't like a labour union as you know. It is because mostly Korean companies don't accept it. Because it is kinda like, you know... they say they are pretty much the troublemakers for ... their efficient work. But nowadays the government like set up a policy like a 52 hours a week policy. It means that all the workers can work the 52 hours per week, not more. If you work more, you can report your boss to the government. These policies did not exist before. Labour unions are now gaining more power because of the government attitude. Now the government is trying to change things. I think the Labour unions are getting big because of the government support. Some companies like production factories working 24/7 for them it is unfair. It is like the factory employees can work only 52 hours a week it is difficult for the company. Sometimes it is unfair but sometimes it is good for the welfare of employees, so we must do it. Hmm like if you are in a very sticky position like a factory as I told you, it must be troublesome. Like now it is getting better anyways ... but it is getting influence from the government a lot.

**IN:** Do you think that state-controlled or outlawed Labour unions during Park Chung Hee's era influenced the present behaviour and treatment of Labour unions?

**R4:** Uhhh, you know, nowadays Koreans in Korea might get very ... The point is the western new companies are coming in and we are trying to get westernised. We are now trying to follow the western labour rules. I mean the Park Chung Hee's behaviour still like control or like like the old-fashioned way... We can like you know deny it anyway. Because like the westernised is getting faster and they are setting new culture. So, I think, the people who behave differently even though the Park Chung Hee influence is still there. That's my opinion ... but he had to I mean... The Mr Park, Mr President it was like we were very poor, and you know we got nothing in our country. He had to make companies settle down in Korea and we could get the technology from there. We were like we don't have the technology, but we have humankind, so we have labour. So, we use it and then we get our technology like Samsung and LG. Now they are the leading companies in the world. I mean in the past days that was right but now it must be changed. Something should change in how we treat labour force.

**IN:** How would you describe the relationship Koreans have towards Japan?

**R4:** Ohh oh, like I think the Korea and Japan are like important partners in the business way. In the social way, Japan and Korea are in opposition. In business, we are

crucial counter partners because we rely on the technology from Japan. We import important products for factories and so on. They also rely on our technology and what we produce. Look at Hyundai and Toyota, they are making partnerships now for like a carbon car. Our technology is like very rely on each other. Mostly Japan did like bad things you know... In history, they did bad things and as you know we are not very happy with that. Because they said they have already apologized and paid like all ... you know the comfort women and so on. It is history and they say they already paid, and it is ... for us in our views it is not a good apology, so we now still have trouble with it. Even some comfort women are still alive, it is a small number but still alive. Anyway, history like we should talk more, and we should be like trust more each other. Because you see it is important as Japan and Korea are big trading partners. Sometimes these issues influence business and that is not good. We have to still talk and resolve the issues from the past.

**IN:** So, is it controversial if people compare Korea and Japan?

**R4:** Well, like before in 1980s and 1990s it was VERY controversial. You know all Japan things were bad things. But Mr president Kim Daejung changed some of it. He started to trade the culture things between Japan and Korea. Before the Japan thing was really bad, but thanks to him it is getting better. Overall stigma is not that strong. But there is something we need to learn from that. It is a fact, it happened and now we should learn from it on both sides. Also, Japan was already developed country so there is a lot we learnt from them. Things like technology, HR, company operations and so on. But it was long time ago so people at that time won't admit it. You know older people still have problem with Japan. Overall stigma is not strong and young people, in general, have different feelings but some have strong feelings. Some families because of comfort women suffered and teach their kids about it. They pass the bad feelings to other generations. It depends on the family really. In work place, you don't see much of those feelings because it is business. You see that more on political protests and in streets old people have protests against Japan. But yeah... we should learn from it and move on.