

Book Review: International business in Korea – The evolution of the market in the globalisation era

Sven Horak
Mercator School of Management, University of Duisburg-Essen
Forsthausweg 2, 47057 Duisburg, Germany
Tel: ++49 (0)203 379 4185
Email: sven.horak@uni-due.de

Book Information

Book Title: International business in Korea – The evolution of the market in the globalisation era
Author: O. Yul Kwon
Publisher: Edward Elgar
Edition: 1st edition
Year: 2008
Pages: 254 text; 265 including index
ISBN: 9781847205704
Price: £65.00

Keywords: Korea, business environment, business operations, management

BOOK REVIEW

Measured by GDP, Korea is about to enter the Top 10 of the worlds leading economies. Its companies, such as Samsung, LG, or Hyundai have already achieved number one positions in respective markets, for instance in ship building, LCD/ OLED displays or DRAM-, flash memories. Therefore, it is curious that the Korean economy and its corporate configuration have not received comparable academic attention so far, compared to numerous publications on business and management in China and Japan.

With this publication O.Y. Kwon makes a valuable contribution to a better understanding of the Korean economy, business and management style.

This book is divided into two major parts. The first part consists of five chapters which deal with the economic issues in Korea such as country risk, culture, policy and foreign direct investment (FDI), and which are analysed from a rather institutional angle. This section copes with the business environment which contributes to an understanding of the framework in which Korean corporations act.

In the focus of the second part is the Korean management. Here, subjects such as cross-cultural negotiation, business ethics, Korean management systems and Human Resources (HR) management are addressed. This part is composed of another five chapters.

Chapter 1 gives a comprehensive overview of Korea's economic development starting from the 1960s. It outlines the role of the government and the export-driven industrialisation approach. The Asian financial crisis of 1997 is seen as being the trigger of the structural reforms from 1997 onwards.

Chapter 2 focuses on several forms of country risk. The North-/ South relations are discussed as a form of political risk. Unfortunately, this complex is only rarely mentioned in the entire book. In addition to that, the discussion on the topic of the economic cooperation between the North and South is limited in its scope.

Chapter 3 pivots on the impact of culture on society. In order to explain what shaped the Korean people the author includes historical events and religion in his argumentation. Finally, the impact of industrialisation on society and cultural change is analysed.

Chapter 4 reports on the Korean import market. It centres the distribution system as being a cultural feature. This chapter clearly shows the transition from a strong manufacturing base to a more knowledge based industry. In order to underline the latter, an example of the recent rise in e-commerce is given.

Chapter 5 is the last chapter of the first part of the book. It critically discusses the FDI policy of Korea. This episode concludes that the country has not used its full potential on attracting FDI as the government restricted FDI until 1997 in order to protect domestic industries.

The second part is particularly rich in information for the practically orientated business person.

Chapter 6 focuses on cross-cultural aspects of business negotiation. The extraordinary role of personal feelings especially, the role of mutual trust are the keys to success. This chapter helps a lot to understand the pivotal elements typical for Korean style of business negotiations.

Chapter 7 is exclusively dedicated to ethical questions in business. Based on the argumentation established, Kwon concludes that business ethic is not taken very seriously in the Korean business world; it is even ignored to a large extend. However, the judgement is based on a comparison of correct ethical conduct derived from a rather western understanding. In this respect his argumentation and conclusion are clear and logic. On the contrary, the author introduces this chapter by pointing out that ethical standards vary across countries since they are influenced by the moral principles and rules of respective cultures. Therefore it would have been beneficial to have a Korean concept of good ethical conduct established, for instance, based on Confucian values, in order to include the unique and good features of Korean business ethics in a comparable way. This could help to have a more prudent assessment framework.

Chapter 8 looks at the Korean management system which has developed under the power of national culture and formal institutions, especially influenced by Confucian ideals. Here, it is argued that the Korean management system needs to develop further in order to fulfil the requirements of international business activities.

Chapter 9 focuses on the labour market and the Human Resource management. New developments are analysed and traditional Confucian-related values stressed. Changes are observed in today's HR management. Today, companies pay more attention to the performance of their employees. In the past, seniority used to be the key element for promotion, to name only one of several examples.

However, this development shall not be understood as the rise of western management techniques in Korea. Due to deep rooted cultural differences a total adoption will likely not take place, Kwon argues.

Chapter 10 stresses the management of joint ventures in Korea. This last chapter discusses the extraordinary high failure rate and gives advice on how to increase the success rate of joint venture.

This book follows a clear logic. It is rich in information, well-structured, and well thought-out. Moreover, it has to be emphasized that in several text passages Kwon delivers excellent insight into the Korean culture and ethical understanding. This makes the work extraordinary and significant.

In summary, it is fair to say that this volume excellently serves for students, academics and practitioners likewise who are interested in the development of the Korean economy and its business climate from the 1960s until today.