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PERSPECTIVE

Does Korean-style management have a future?

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Abstract
Regardless of the global emergence and strong performance of many Korean firms, Korean-style management has received limited research attention. Combining original Korean with Japanese and American practices, Korean companies have adopted a wide range of distinct managerial routines in strategic planning, strategy implementation, corporate leadership, and human resource management. An evaluation of these practices by global management research reveals that they are broadly effective for enhancing companies' performance, both individually and as an overall system, suggesting that Korean-style management deserves more attention. More research is needed on how these managerial practices can be effectively adopted in other countries.

Keywords Korea · Management system · Strategy · Leadership · Human resource management · International knowledge transfer

Introduction

Management studies have mostly evolved in a general fashion. Their findings claim to be universally applicable. This assumption, often made implicitly, is highly problematic in consideration of strong economic, institutional and cultural differences across countries. Theoretical concepts such as business systems have been developed to analyze the relevance of country-specific conditions for the management of firms (Whitley 1999). Nonetheless, empirical studies in leading management journals continue to be positioned in a general manner, without much consideration of country-specific settings. As most of these studies are from Western countries, their universality assumption has resulted in a Western bias in management research when their findings are extended to other regions of the world in disregard of contextual differences (Meyer 2006). Recently, there are more studies from different regions, particularly from East Asia. However, Western-based theories and

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frameworks are still frequently applied in such studies, conveying a picture of global uniformity, which seems detached from reality (Hennart 2015).

There are some notable exceptions from this universalistic approach. In view of the global emergence of firms from East Asian countries and apparent differences in the business systems between East Asia and the West, some scholars have worked to identify and evaluate specific managerial practices from countries in this region. In particular, following the global rise of Japanese manufacturing firms, studies of Japanese-style management were conducted not only by Japanese scholars, but also by Western scholars (e.g., Abegglen and Stalk 1985; Clark and Fujimoto 1991; Womack et al. 1990). Japanese managerial concepts such as just-in-time delivery or *kaizen* (incremental improvement) thereby became globally prominent. While the enthusiasm about Japanese-style management somewhat cooled in recent decades due to the difficulties which many Japanese firms have encountered, it remains an established research topic. Furthermore, in view of China's strong economic growth and the recent advances of Chinese firms on overseas markets, Chinese management studies have also blossomed (e.g., Chen 2001; Li et al. 2000; Warner and Rowley 2014).

In contrast to China and Japan, the management of firms from other successful East Asian economies has received less research attention. Specifically, regardless of the globally leading positions that South Korean (hereafter, Korean) firms have taken in various knowledge-intensive manufacturing industries, Korean-style management has been studied only to a modest extent. Inspired by the rapid global emergence of Korean firms since the 1980s, some work in the 1990s identified various Korean-style managerial features, such as forceful top-down leadership and high implementation speed (Chang and Chang 1994; Kim 1997a; Steers 1999; Ungson et al. 1997). However, after the Asian financial crisis of 1997, the view on Korean firms drastically turned negative, as the financial fragility and opaque corporate governance of Korean business groups (*chaebols*) were identified as major reasons for Korea's economic crisis in the late 1990s (e.g., Chang 2003; Choe and Roehl 2007; Rowley et al. 2002). Recently, in view of the global re-emergence and continued success of Korean firms, another wave of publications with more positive views on their managerial practices has appeared (Hemmert 2012, 2018; Moon 2016; Song and Lee 2014). Nonetheless, Korean-style management overall has remained a fringe topic in management studies. Many observers appear to assess that the managerial practices of Korean firms may not be sustainable in the long term, as they originated from a time when Korea was still a poor and emerging country, or that these practices are not globally transferable, as they are strongly embedded in the Korean socioeconomic system. In short, there appears to be a widespread view that from a global perspective, little or nothing can be learned from Korean firms, suggesting that Korean-style management may not have a future beyond Korea itself.

However, before arriving at a conclusion that Korean-style management is globally irrelevant, a thorough analysis and evaluation of its important features is warranted. Therefore, Korean firms' managerial characteristics will be identified in this article through a review of studies on Korean firms and their managerial practices. Thereafter, these managerial practices will be evaluated from the perspective of general management research to assess its broader attractiveness across different business contexts. Based on a discussion of findings from this analysis, theoretical and practical implications will be offered, followed by an overall conclusion on the future of Korean-style management.

What is Korean-style management?

Management systems encompass a wide array of activities, which can be categorized into different functions. However, a specific style of Korean firms cannot be observed to the same degree for all managerial fields. Recent studies on the management of Korean firms (Hemmert 2012, 2018; Moon 2016; Song and Lee 2014) mostly concentrate on their activities in strategic planning, strategy implementation, corporate leadership, and the management of human resources. Korean firms have blended indigenous practices with ideas imported from Japan and the US when establishing and refining their management systems in these fields of activities (Hemmert 2018). While managerial practices are not uniform across all firms, both large *chaebols* and small- and medium-sized enterprises (SMEs) in Korea share strong managerial commonalities in these four managerial fields, which the subsequent review of Korean-style management is focused on. The findings are summarized in Table 1.

Strategic planning

While there are highly diverse views among management scholars on what constitutes strategic management, they fundamentally converge on the understanding that this field examines the development and implementation of plans by managers to use resources in order to enhance the performance of firms (Nag et al. 2007). Consequently, the subsequent discussion of Korean firms' strategic management will focus on long-term planning for the firms' positioning in their competitive environments and the implementation of these plans.

In terms of long-term planning, companies must weigh risks against opportunities. When they seek minimizing risks by pursuing focused strategies, they may forego important opportunities. Conversely, a strong opportunity orientation also increases risks when companies expand into markets or industries in which they have not been familiar with previously.

In this context, Korean firms stand out for their highly aggressive, opportunity-centered strategic orientation. They seek growth by expanding their activities into new industries. The strong growth orientation of Korean firms and business groups thus manifests itself through their high degree of diversification, which is well-documented for large *chaebols* such as Samsung or Hyundai Motor (Chang 2003). However, this applies not only to the largest, but also to smaller groups and venture firms (Hemmert 2018). Korean companies, regardless of whether they are large or small, constantly seek to invest into new business activities that promise high future returns. While they have often expanded into industries unrelated to their previous business activities during their early stages of development, their diversification

Table 1 Characteristics and evaluation of Korean-style management

Field	Managerial characteristics	Evaluation
Strategic planning	Broad and aggressive product diversification; initially often unrelated; recently mostly related High international diversification through rapid geographic expansion High investment into new technology development via external alliances and R&D	Related product diversification positive when firms possess high technological diversity; unrelated product diversification only effective in emerging markets International diversification yields positive returns for competitive firms, particularly in knowledge-intensive manufacturing industries Focus on new technology development inherently risky, but necessary in technology-intensive industries; attractive for latecomer firms due to lower risk Complementary performance effects between product diversification, international diversification, and new technology development
Strategy implementation	Emphasis on speed: fast processing of decisions and implementation of plans; setting and keeping highly ambitious deadlines; frequent use of task forces Internal flexibility: broad internal knowledge and resource sharing; rapid internal reallocation of financial and human resources according to needs External flexibility: pragmatic selection of partners; flexibility in choice of collaboration modes	Strong economies of speed in fast-moving business environments High implementation speed increases effectiveness of innovation and internationalization Strategic flexibility in resource deployment valuable in fast-moving industries and unpredictable business environments Advantages of high alliance variety tend to outweigh disadvantages
Corporate leadership	Motivating followers by creating exciting visions and effectively communicating these visions; providing role models of strong dedication to companies Alignment of corporate values with values of corporate leaders; operationalizing values through employee guidelines Setting highly ambitious, exciting goals; operationalizing corporate goals into specific goals for each organizational unit and employee Seeking transformation by internal crisis creation; inducing change by maintaining a sense of crisis	Transformational leadership and contingent reward transactional leadership tend to enhance performance at individual, task, team and organizational levels Charismatic behavior and role models effective under high environmental uncertainty Corporate leaders' values strengthen charismatic leadership; corporate values enhance financial performance Goal setting effective for motivating followers and strengthening performance; potential negative side effects of overly specific or overly ambitious goals Leadership by crisis creation highly effective in Korea; complementary to goal setting; not studied in other countries

Table 1 (continued)

Field	Managerial characteristics	Evaluation
Human resource management	Strong and highly systematic recruiting efforts; comprehensive evaluation of applicants' professional skills and personal fit with company cultures; both entry-level and mid-career recruitment Strong investment into capability development of employees at all stages of career development; frequently facilitated by in-house training programs Initially seniority-orientated compensation and promotion systems; transition toward hybrid systems of seniority and performance orientation; strong performance incentives	High performance HRM positively related to organizational outcomes; strongest for motivation-enhancing HRM practices Selective recruitment and emphasis on training reduce employee turnover; performance-based promotion and rewards enhance productivity Employee training focus particularly effective for enhancing innovation and financial performance

strategies have gradually shifted toward related diversification over time (Hemmert 2018).

Furthermore, Korean firms are also well-known for their rapid expansion into global business (Hemmert 2018; Steers 1999). They scaled up their exports as well as their foreign direct investment early and massively, initially targeting developing countries as entry points and expanding thereafter into developed economies. In recent decades, they strongly expanded their presence in emerging markets and regions such as China, the Association of Southeast Asian Nations (ASEAN), India, Russia, and Latin America, which tend to offer high growth rates, but also expose companies to higher regulatory and competitive risks than developed markets (Hemmert 2018; Hemmert and Jackson 2016).

In addition to their high degree of product and international diversification, the strategic opportunity orientation of Korean firms is also shown by their high investment into the development of new products and services as another potential source of future growth. Though the firms initially relied on the imitation of foreign products, they strongly invested into fully absorbing foreign knowledge and thereby advancing their own technological competencies (Kim 1997a). Subsequently, Korean companies rapidly scaled up their research and development (R&D) activities in order to develop ever more advanced technologies. On an aggregated level, their R&D expenses in 2016 amounted to 4.83% of value added, which is far higher than in any other major economy in the world (OECD 2018). The massive investments by individual Korean companies and *chaebols* into new technologies, which manifest themselves through multi-year technology development plans, are also well-documented (Hemmert 2018; Song and Lee 2014).

In summary, Korean firms are strongly growth- and opportunity-orientated in their strategic planning, thereby tolerating high risk.

Strategy implementation

Korean firms place high priority on speed and flexibility. They have been breaking conventional wisdom in many industries on how long it takes to build a new facility, to develop a new product or to enter a new market. For example, Hyundai Motor started assembling cars only one year after entering the automobile business from scratch in 1967 (Steers 1999). Steelmaker POSCO (Pohang Iron and Steel Company) completed the construction of 23 out of 26 facilities by more than a year ahead of schedule (Moon 2016). Samsung Electronics succeeded in producing technologically advanced, very large-scale integrated circuit (VLSI) semiconductors within 6 months when building a manufacturing site in 1984 (Kim 1997a). Samsung also developed and produced new generations of mobile phones in 5 months in the mid-2000s, while Japanese companies took 10 months (Song and Lee 2014). In a recent example, Coupang, a start-up, has become Korea's largest e-commerce company within a few years by scaling up from zero to more than 50 company-operated warehouses, thousands of delivery trucks, and 25,000 employees. Speed is also a central part of the company's value proposition to customers, which offers same day delivery for online purchases (Hemmert 2018).

This high speed has been enabled by various managerial tools developed by Korean firms, such as expedited decision-making processes (Song and Lee 2014) and the frequent setup of task forces (Shin and Jang 2005).

Furthermore, Korean firms are highly flexible on how a specific business project may be finalized, both as regards to internal resource allocation and external collaboration, as long as its goals are achieved. Internally, resources such as patents, brands, and management tools are freely and widely shared (Chang 2003). Financial and human resources are flexibly shifted among internal units in response to perceived needs. Specifically, when a group or company expands into a new market or industry, the new venture is well endowed with all essential resources by transfer from other internal units (Hemmert 2018).

Externally, Korean firms are highly pragmatic regarding the selection of collaboration partners as well as the collaboration modes with these partners. Korean companies have frequently turned to foreign partners from across the world to expedite their technological catch-up process, but also work with domestic partners when it makes sense (Hemmert 2018). The choice of collaboration mode is very practical and encompasses a wide range of methods, spanning from licensing agreements to joint ventures, mergers and acquisitions, the targeted hiring of individual experts, and others (Steers 1999). Overall, Korean firms show a strong pragmatism and swiftly change the way of how a plan is being implemented if they find that a different approach is more effective.

Corporate leadership

In a managerial context, leadership is generally understood as influencing followers to willingly and enthusiastically expend energy in a coordinated effort to achieve an organization's mission and objectives (Winston and Patterson 2006). Leadership research distinguishes between transformational and transactional leadership styles. While transformational leadership emphasizes inspirational motivation, idealized influence attribution and behavior, intellectual stimulation, and individualized consideration, transactional leadership is centered on rewarding followers in response to their contributions (Rowold and Heinitz 2007).

Leadership in Korean companies is strongly based on various dimensions of transformational leadership by top-level executives, while also relying on some aspects of transactional leadership (Dorfman et al. 1997). First, Korean corporate leaders are known for their inspirational motivation efforts. They are charismatic and inspire their followers by articulating bold and exciting visions (Moon 2016). For example, Samsung founder Lee Byung-chul motivated his followers by likening semiconductors to the "rice of the industry" when communicating his vision that Samsung will become a future leader in the semiconductor industry (Samsung Electronics 2010).

Furthermore, Korean business leaders display their idealized influence behavior by providing followers with strong role models. They work extremely hard and show they are fully dedicated to the achievement of the ambitious goals they have articulated. To illustrate, *chaebol* founders such as Hyundai's

Chung Ju-yung and Daewoo's Kim Woo-choong have become famous for their extremely long working hours and personal involvement in pursuit of corporate goals (Hemmert 2018; Steers 1999). Employees have a clear understanding of what the group chairman is focusing on and feel that 'he is sitting right next to me' (Shim and Steers 2012).

The idealized influence behavior of Korean corporate leaders is reinforced through the formulation not only of visions, but also of corporate values. These corporate values differ quite strongly across companies and groups, and are linked to the personal values of leaders (Hemmert 2018). These values are emphasized in training programs and incorporated in operating guidelines for staff members' activities (Chung et al. 1997). As a result, a strong alignment between top-level leadership and organizational behavior is often achieved.

Another feature of Korean corporate leadership is the setting of highly ambitious and specific goals (Cho and Yoon 2001; Shim and Steers 2001). They are ambitious, as they are not set for modest gains in revenues, profits or market shares, but typically for gaining top market or industry positions. They are also specific in terms of contents and time lines, thereby allowing a clear assessment on whether they are met or not. Furthermore, these ambitious and specific goals are set not only for organizational units of companies, but also for individual employees in order to motivate them strongly. Therefore, the goal-setting in Korean companies combines aspects of transformational and transactional leadership. Ambitious goals are designed to excite followers, thereby providing inspirational motivation. However, the setting and fulfillment of personal goals is also frequently linked to rewards for employees (Bae and Rowley 2003), thereby introducing transactional leadership aspects.

Finally, another major aspect of corporate leadership in Korea is crisis creation. Korean business leaders sometimes deliberately create crises, or at least a strong sense of crisis within their companies by devising highly ambitious business plans that induce employees to engage in extraordinary efforts to fulfill these plans and to avert failure (Kim 1998). The process of overcoming such crises often elevates companies to a higher level of competitiveness, as employees search for new, innovative ways to be more effective. Leadership by crisis creation played a major role in the transformation of Samsung Electronics, Hyundai Motor, and other Korean firms into world-class competitors (Hemmert 2018; Kim 1997b, 1998; Michell 2010), which can be clearly attributed to transformational leadership. However, it may also be partly associated with transactional leadership if followers perceive that the company may go out of business and they therefore may lose their jobs if the crisis cannot be overcome.

In summary, Korean firms extensively rely on the strong leadership by top-level executives. Many of their leadership tools are clearly related to transformational leadership aspects such as inspiring enthusiasm, instilling pride and respect, and providing outstanding role models. At the same time, some of these tools can be partially associated with transactional leadership, as the performance of employees is clearly linked to rewards.

Human resource management

Human resource management (HRM) generally consists of practices used to manage people in organizations, including selection, training, appraisal, and rewards to enhance employees' ability, motivation, and opportunity to perform (Jiang et al. 2012). Strategically, HRM results in patterns of planned human resource deployments and activities that enable an organization to achieve its goals (Wright and McMahan 1992).

Korean firms have adopted specific practices, which have been partially inspired by concepts from Japan and the US, in all main activities of HRM. In employee selection, Korean companies have adopted a market-based approach, recruiting not only new university graduates, but also many experienced professionals. They compete for the best talent, regardless of where it can be found (Tung et al. 2013). The companies engage in strong and comprehensive efforts when recruiting new employees through multiple rounds of evaluation of applicants, including document screening, written tests and examinations, and interviews (Hemmert 2018). In this multi-stage evaluation process, they assess not only applicants' professional skills and capabilities, but also place high importance on the fit of their personalities with the firm's organizational culture in order to secure highly effective personnel (Froese et al. 2018).

Korean companies are heavily investing into their employees' skill formation by regularly subjecting them to training programs. These training programs are mostly organized by internal corporate training centers, which have been built by almost all large or medium-sized companies in Korea. Furthermore, the training programs target all managerial levels, not only new employees. They are often highly tailored to specific types of tasks and positions in order to maximize participants' relevant professional skill formation (Hemmert 2018). Training methods are increasingly diverse and now often include online learning. Large companies also sponsor MBA programs at major domestic and US business schools (Yu and Rowley 2009). While the firms' training efforts have become more specialized and focused on high performers over time (Tung et al. 2013), it is apparent that Korean companies invest more into employees' skill development than most of their counterparts from other countries.

Korean firms have transformed their employee compensation and promotion systems, which formerly were mostly seniority-oriented in line with Confucian traditions and Japanese practices, since the 1990s. Companies now offer strong performance incentives to individual employees, including bonus payments, fast track promotion opportunities, and profit sharing systems (Froese et al. 2018; Hemmert 2018). In line with this increasing performance orientation, employee retention practices have also become more selective, depending on individual employees' accomplishments. While it is legally difficult in Korea to lay off underperforming regular employees, companies use various signaling practices to encourage such employees to move on and look for other work opportunities (Hemmert 2018).

Overall, Korean companies widely employ high-involvement human resource strategies, which are directed at maximizing the skills, motivation, and performance of employees through a variety of active policies in recruiting, training, evaluating, and rewarding managers and workers (Bae and Lawler 2000).

Evaluation of Korean-style management

In this section, the managerial characteristics of Korean firms are evaluated from the perspective of management research in the respective fields of strategic planning, strategy implementation, corporate leadership, and HRM. The findings are summarized in the right column of Table 1.

Strategic planning

The opportunity-driven strategic planning of Korean firms may be evaluated from the perspective of research on product diversification, international diversification and innovation strategies. Early work on the performance effects of product diversification, based on an analysis of data from US firms, suggested a positive diversification–performance linkage, or "diversification premium" (Rumelt 1974, 1982). Subsequent studies yielded partially different results, and observed negative performance effects of unrelated diversification, resulting in a "diversification discount" (e.g., Servaes 1996). A meta-analysis of 55 studies found a curvilinear relationship between diversification and performance, where market power and internal market advantages yield positive returns up to an intermediate level of product diversification, beyond which these advantages are outweighed by growing management cost, particularly when firms engage in unrelated diversification (Palich et al. 2000).

More recent work has focused on moderators of the diversification–performance relationship. Miller (2006) finds a positive link between product diversification and performance when firms possess a high amount of technological diversity, which allows them to exploit economies of scope in valuable knowledge assets. Other studies consider the stage of development of a firm's home country and suggest that not only related, but also unrelated diversification enhances the performance of firms in emerging economies, as firms' or business groups' internal transactions are more efficient than underdeveloped external markets (Chang and Hong 2000; Khanna and Palepu 2000a, b). However, Lee et al. (2008) observe that the diversification premium of large *chaebols* in Korea has diminished over time and gradually turned into a diversification discount, due to Korea's institutional transition from an emerging to a developed economy.

Similar to studies on product diversification, early work on firms' international diversification was based on an analysis of US companies and found a positive link between internationalization and performance, as firms earn positive returns from selling products internationally that had already been introduced on their home markets (Vernon 1971). The advantages of international diversification have been clearest in knowledge-intensive manufacturing industries where economies of scale are strong and the cost of product development is high, resulting in pressure for global market penetration to recoup the upfront development cost (Hitt et al. 1997).

Subsequent studies have returned partially different results, such as a nonlinear link between internationalization and performance where intermediate levels of internationalization yield the highest returns, pointing to diminishing returns of internationalization when firms are already highly internationalized and face increasing challenges of managing globally dispersed operations (Lu and Beamish 2004). A meta-analysis of 36 studies confirmed an overall positive linkage between internationalization and performance, with important roles of various moderators, including product diversification, R&D intensity, country of origin, and firm's age and size (Bausch and Krist 2007).

Finally, the outcomes of firms' investment into new technology development have been extensively studied by innovation management research. Fundamentally, such investment is viewed as inherently risky due to the high extent of uncertainty on whether innovations can be successfully developed and introduced (Rothwell 1992). Regardless of this uncertainty, investment into technology development is viewed as inevitable for securing the long-term survival of firms in technology-intensive industries, where competitiveness is mainly determined by successful innovation, and existing products and business models are frequently being disrupted by new ones (Christensen 1997).

Aside from the industry context, the relative technological position of a firm also strongly matters for the effectiveness of investment into new product development. Specifically, latecomer firms, such as Korean companies, have had a relative advantage over technological frontrunners, as they could rely to a high extent on imitation or incremental adaptation when catching up with leading firms (Kim 1997a). They faced a lower risk in technology development, as they could follow paths established by other firms. However, this advantage diminishes over time when Korean firms reach the technological forefront, inducing them to invest more into risky cutting-edge R&D (Lee 2013).

In summary, research on firms' product diversification, international diversification and innovation has shown that all three strategies, while exposing firms to relatively high risks, tend to be fundamentally helpful for enhancing performance, except for very high levels of product and international diversification. Furthermore, studies on the three types of strategies have shown that the industry and country context is highly relevant. Internationalization and innovation are most attractive in technology-intensive industries, where firms face strong pressures to innovate effectively in order to penetrate global markets swiftly for redeeming their product development cost and taking advantage of economies of scale. Similarly, product diversification tends to yield the highest returns when it is related to valuable core knowledge and technologies, which can be leveraged across various products, allowing firms to take advantage of economies of scope. Notably, Korean firms have mostly invested in such knowledge- and technology-intensive manufacturing industries, including electronics, semiconductors, and automobiles.

From a country perspective, product diversification and innovation are particularly attractive for emerging market firms, where even unrelated diversification often yields positive returns due to underdeveloped external markets and institutions, and firms can mitigate innovation risks by following more advanced developed-country rivals. This suggests that these strategies were advantageous for Korean companies when their home country was still an emerging market. However, the economic and institutional maturation of Korea may result in a need for firms to alter their diversification and innovation strategies. In fact, Korean firms are strongly relying on related diversification and high R&D investment to develop their own innovations in recent years (Hemmert 2018; Song and Lee 2014).

Finally, strategy research has also examined the combined performance effects of diversification, internationalization, and innovation. Various studies have revealed positive interaction effects between the three strategies on firms' performance. For example, Hitt et al. (1997) find that the internationalization–performance link is positively moderated by product diversification and international diversification enhances innovation. In a similar vein, the positive association between internationalization and performance is strengthened by firms' R&D intensity and diversification (Bausch and Krist 2007). These findings indicate that Korean firms' emphasis on growth by product diversification, international diversification, and innovation overall is sensible for enhancing performance. However, there is also evidence that very high levels of product and international diversification may yield diminishing or even negative returns due to increasing managerial complexity (Hitt et al. 1997), suggesting a need for highly diversified Korean firms to critically re-assess their business portfolios.

Strategy implementation

Among Korean firms' managerial characteristics in decision-making and strategy implementation, their emphasis on speed can be linked to the concept of "economies of speed", understood as seeking competitive advantage by providing products and services through faster innovation and delivery (Ito and Rose 2003). Eisenhardt (1989) finds in a study of US microcomputer firms that fast decision-making results in superior performance. In a three-industry study, Judge and Miller (1991) observe a positive link between decision-making speed and firms' performance in the highly dynamic biotechnology industry, but not in less dynamic environments. In contrast, in a study of US firms from many different industries, Baum and Wally (2003) find that speedy decision-making is positively related to performance. In summary, research suggests that fast decision-making tends to enhance the performance of firms, particularly in highly dynamic industries, in which Korean firms are mostly engaged. Furthermore, there appears to be no trade-off between the speed and accuracy of decisions, as fast decision makers tend to be more proficient than their slower counterparts (Eisenhardt 1989).

The performance effects of the implementation speed of firms' growth strategies have been studied in the context of innovation and internationalization. Implementation speed has been identified as a major competitive advantage. For example, in a study of the global automobile industry, Clark and Fujimoto (1991) identify high product development speed of Japanese car manufacturers as a major reason for their competitive superiority over Western counterparts. Similarly, in a study of Western pharmaceutical firms, Nightingale (2000) identifies fast new product development as a major aspect of their competitiveness.

High innovation speed is expected to reduce cost and increase the success rate of development projects (Kessler and Chakrabarti 1996).

The empirical evidence on the performance implications of internationalization speed is more ambiguous. In a study of Dutch multinational enterprises, Vermeulen and Barkema (2002) find that the speed of internationalization is negatively related to profitability. In a similar vein, a study of German firms reveals that fast international market entries reduce cost efficiency (Wagner 2004). However, studying the international expansion of Korean firms, Chang and Rhee (2011) find a positive link between speed of internationalization and profitability when controlling for contingency factors, and observe that this link is strongest in highly globalized industries. Furthermore, studying Spanish SMEs, Chetty et al. (2014) observe that performance is positively related to the speed of internationalization. In summary, research suggests that the performance implications of internationalization speed are strongly context specific. Notably, a positive linkage between fast internationalization and performance has been found for Korean latecomer firms, particularly in highly globalized industries.

Finally, the internal and external flexibility emphasis of Korean firms can be related to the concept of strategic flexibility, understood as the ability to adapt to environmental changes through changes in strategic actions, asset deployment, and investment strategies (Nadkarni and Narayanan 2007). Overall, strategic flexibility is seen as an important antecedent of firms' competitive advantage (Hitt et al. 1998; Sanchez 1995). However, the link between strategic flexibility and performance appears to be strongly contingent on the type of industry in which a firm is operating. Specifically, Nadkarni and Narayanan (2007) find in a study of US companies that strategic flexibility enhances performance in fast-moving industries where frequent change is essential for survival, while having negative performance effects in slow-moving industries where the costs of flexible resource deployments and strategic actions exceed their benefits. A study of Thai firms has revealed that strategic flexibility strengthened their performance after an economic crisis (Grewal and Tansuhaj 2001), adding to the evidence that strategic flexibility is valuable in ambiguous and unpredictable business environments (Eisenhardt et al. 2010).

While strategic flexibility is strongly linked to the variety and the flexibility of internal resource deployment (Nadkarni and Narayanan 2007), it also relates to flexible external partnering (Hitt et al. 1998). Studies on firms' alliance variety (Jiang et al. 2010; Ozcan and Eisenhardt 2009) indicate that whereas the setup of various alliances with diverse partners may result in considerable cost of managing these alliances, the advantages of such external flexibility often outweigh the disadvantages.

In summary, research on implementation speed and strategic flexibility suggests that fast and flexible strategy implementation are often instrumental for enhancing firms' performance. Specifically, they are effective in highly dynamic and uncertain business environments, to which many Korean firms are strongly exposed.

Corporate leadership

Many features of Korean companies' leadership practices can be associated with transformational leadership, while some of their practices are also related to transactional leadership. The performance implications of transformational and transactional leadership have been intensively studied at the individual, task, team, and organizational levels. A meta-analysis of 113 studies by Wang et al. (2011) finds that transformational leadership and to a somewhat lesser extent, contingent reward leadership, are positively related to performance at all four levels.

Among the specific leadership tools used by Korean firms, charismatic behaviors and role modeling by top-level executives is theoretically predicted to be effective for increasing cohesion among and efforts by followers, thereby enhancing organizational performance (Waldman and Yammarino 1999). The findings of an empirical study of 48 large US firms by Waldman et al. (2001) indicate, however, that the effectiveness of top leaders' charisma is context specific. While charisma is not clearly related to firms' financial performance in general, the association is strongly positive under high environmental uncertainty. Another study of North American CEOs resulted in similar findings (Waldman et al. 2004).

Top-level executives' and corporate values have also been found to enhance the performance of firms. In a study of US managers, Sosik (2005) finds that corporate leaders' values contribute to charismatic leadership, followers' extra efforts, and managerial performance. Furthermore, studying Canadian companies, Donker et al. (2008) observe that corporate values are positively related to firms' financial performance.

Western-originated goal setting theory has asserted that goals increase the performance of individuals by directing their attention toward goal-relevant activities, energizing them, increasing their persistence, and inducing them to accumulate and use task-relevant knowledge (Locke and Latham 1990, 2002). Furthermore, beyond personal-level performance effects, goal setting also delivers economic value to employers (Schmidt 2013). There are also critical voices suggesting that setting overly specific or overly ambitious goals may have negative side effects, such as neglect of non-goal areas, excessive risk-taking, unethical behavior, and reduced intrinsic motivation (Ordóñez et al. 2009). Overall, however, goal setting as a leadership tool is widely assessed to enhance the performance of followers and companies.

Finally, it has been acknowledged that business crises may result in organizational transformations, which enhance innovation and performance (Pitt 1990). However, crisis creation has not been discussed as a leadership tool in management research, except for cases of Korean companies, where it was shown to be highly effective (Kim 1997b, 1998). Crisis creation is suggested to be most instrumental for firms that are catching up, as specific and clear goals can be set and knowledge absorption is easier than for technology leaders (Kim 1997b).

Overall, the corporate leadership tools applied by Korean executives, including charismatic behaviors and role models, corporate values, and goal setting are all broadly perceived by the leadership literature as being effective for enhancing performance. Crisis creation has specifically been discussed as an effective leadership tool by Korean companies and may be regarded as a leadership innovation by these firms.

Furthermore, similar to strategic planning and strategy implementation, the managerial leadership literature suggests that some instruments used by Korean business leaders, such as charismatic behavior, are particularly effective in highly dynamic and volatile business environments. Complementarities between some of these leadership tools, such as leaders' charisma, goal setting, and crisis creation, have also been identified.

Human resource management

Research on the performance implications of firms' HRM practices has ascended since the 1990s, and has mostly focused on the impact of "high performance" or "high commitment" HRM practices. These practices can be broadly categorized into tools related to employees' skills and ability, their effort and motivation, and their role structure and opportunities (Guest 1997; Jiang et al. 2012). Among these categories, some HRM practices of Korean firms, such as their strong recruitment and training efforts, fall within skills and ability practices, while others, such as performance-based promotion and reward systems, belong to effort- and motivation-related management.

Two meta-analyses on the outcomes of high performance HRM practices, which are predominantly based on studies in Western countries, have yielded broadly similar results. In an analysis of data from 92 studies, Combs et al. (2006) find that high performance HRM is positively related to organizational performance, the performance impact is stronger for whole HRM systems than for individual HRM practices, and high performance HRM matters more strongly for organizational outcomes in manufacturing than in service industries. Analyzing data from 116 studies, Jiang et al. (2012) observe that motivation-enhancing HRM practices have the strongest firm-level financial performance impact, followed by skill-enhancing and opportunity-enhancing practices. The relationship between these HRM practices and financial outcomes is mediated by various variables, including human capital, employee motivation, voluntary turnover and operational outcomes.

Findings from major individual studies on the performance implications of HRM practices provide additional insights. Studying 12,000 firms, Huselid (1995) observes that while both skill- and motivation-related HRM practices enhance financial outcomes, skill-related tools also reduce employee turnover and motivation-related practices positively contribute to productivity. A study of 1900 Danish firms reveals that among a wide range of new HRM practices, employee training exhibits the strongest positive association with innovation performance (Laursen and Foss 2003). Studying 6000 SMEs in the UK, Sheehan (2014) finds that while formal human resource management practices are overall positively related to organizational performance, employee training and development are particularly effective, as they are related to all performance aspects being considered. They reduce employee turnover and increase innovation and financial performance.

In summary, Western research suggests that the HRM practices of Korean firms are mostly instrumental for enhancing performance. Specifically, selective recruiting and strong investment into employee training have been found to be positively related to employee retention and firms' financial performance, while performance-based compensation and promotion, which Korean firms have moved to in recent decades, enhance productivity and financial performance. Employee training, which is strongly emphasized by Korean firms, has been identified as being particularly effective for strengthening innovation and financial performance. Furthermore, high performance HRM practices are most effective in the manufacturing sector, where Korean firms are strongly invested. These findings suggest that the HRM practices of Korean firms are well-aligned with the type of business environment they tend to operate in, such as dynamic manufacturing industries where innovation is highly important.

Discussion

The review of Korean firms' managerial characteristics from the perspective of business strategy, leadership and HRM research has yielded various interesting findings. First, the managerial practices of Korean firms are mostly viewed as effective for enhancing firms' performance across all managerial fields which have been considered: strategic planning, strategy implementation, corporate leadership, and HRM. This finding is remarkable when considering that global management research on these topics has been predominantly driven by Western-based studies, while there have been relatively few studies on Korea or other East Asian countries.

Cross-cultural research (e.g., House et al. 2004; Hofstede et al. 2010) and studies on institutional change (e.g., Peng 2003) and business systems (e.g., Whitley 1999) suggest that managerial practices strongly diverge across countries due to cultural, institutional, and systemic differences. The influence of such country-specific context factors has clearly played a major role in shaping Korean firms' managerial practices. For example, *chaebols*' unrelated diversification strategies in the early stage of Korea's industrialization were induced by weak institutions when Korea was still an emerging economy (Chang 2003; Kim et al. 2004). Furthermore, the strong reliance on the leadership of *chaebol* owners and top-level executives and the firms' initially seniority-based compensation and promotion systems are clearly related to Confucian cultural traditions, which emphasize the authority of senior leaders and age-based hierarchies (Hemmert 2018). However, these features have changed over time due to institutional and economic development as well as cultural change. Specifically, Korean firms have mostly moved from unrelated to related diversification. *Chaebol* owners delegate more decisions to professional managers and hybrid systems of seniority and performance orientation have been broadly introduced in HRM (Bae and Rowley 2003; Hemmert 2018; Michell 2010). These transitions have followed the recommendations of global management research, such as an emphasis on related instead of unrelated diversification and a positive view of performance-based employee appraisal systems. In other words, while Korean firms' managerial characteristics are clearly linked to country-specific background factors, these characteristics have changed over time not only in response to institutional and cultural change in Korea, but also in line with empirical research findings on effective managerial practices.

Second, while most individual managerial features of Korean firms tend to be regarded as effective for enhancing performance by management research, these features also complement each other within and across managerial fields. For example, the effectiveness of product diversification, internationalization, and innovation is regarded as higher when these strategies are pursued in concert. Furthermore, innovation and internationalization strategies are supported by high implementation speed. Leaders' charisma, corporate values, and goal setting also complement each other. These observations suggest that many managerial practices of Korean firms are not only effective by themselves, but also complement each other in enhancing performance. In other words, Korean firms may often gain competitiveness by applying an internally consistent set of managerial practices. This set of practices often allows the firms to acquire meta-capabilities, such as seizing opportunities, overcoming difficulties, learning from their past experiences, learning from others, acting quickly, and changing procedures flexibly (Hemmert 2018).

Third, regardless of the overall effectiveness of Korean firms' managerial practices, global management research also suggests potential areas of improvement. For example, many Korean companies have broadly moved from unrelated to related diversification throughout the last decades, following the recommendations of management research. However, various *chaebols* still hold large swathes of "legacy businesses" for which synergies with competitive core activities are difficult to see (Jang 2014). A stronger focus on areas where these groups are truly competitive, should be beneficial. Furthermore, the transition of Korean firms from seniority-based to performance-based employee compensation and promotion systems is far from complete. The current hybrid systems may be seen as a compromise between a consideration of Korean cultural traditions and the need to respond to global competitive pressures. In short, while the management system of Korean firms overall appears to work well, various practices can still be improved.

Fourth, the review of management research has shown that the effectiveness of various managerial practices strongly depends on the business context in which they are applied. Many characteristics of Korean firms, such as rapid international diversification, emphasis on innovation, fast and flexible strategy implementation, and charismatic behavior and role models by corporate leaders, are regarded as particularly effective in fast-moving, knowledge-intensive industries and in highly uncertain, volatile business environments. These are the contexts in which many Korean firms are mostly operating. From an industry perspective, Korean firms have a focus on knowledge-intensive manufacturing industries such as automobiles and IT products. From a geographic perspective, they are strongly engaged in emerging markets that feature strong dynamism and high uncertainty (Hemmert 2018; Hemmert and Jackson 2016). In other words, Korean firms have well aligned the business environments in which they are operating with their managerial practices, which are helpful in these environments. A reverse argument could also be discussed: Korean firms have become strong global competitors in industries where their managerial practices are highly effective, while they are not as competitive in less dynamic business contexts, such as the retail, hospitality and financial service industries. Fundamentally, Korean firms' management characteristics have a good fit with highly dynamic and uncertain business environments, in contrast with the management systems of Japanese firms, which appear to work best under conditions of intermediate uncertainty (Aoki 1990).

Theoretical implications

The analysis in this paper has revealed that Korean firms have adopted various managerial practices, which (1) broadly support their competitiveness and financial performance, (2) constitute a set of internally consistent tools that mutually support their effectiveness within and across managerial fields, and (3) are particularly effective in highly dynamic and volatile business environments, where globally competitive Korean firms are strongly engaged.

These findings indicate that there exists a set of managerial practices in Korea, which is not only clearly different from other countries and regions, but also provide Korean firms with strong competitiveness. Therefore, these practices should not be studied individually and in isolation, as often conducted in highly specialized management research, but should be examined across managerial fields in order to identify overall patterns of effective managerial systems. In other words, a contextual perspective should not only be applied to national level business systems (Whitley 1999; Witt and Redding 2013), but also to management systems, understood as overall sets of managerial practices that have been widely adopted by firms in specific countries or regions.

Furthermore, the effectiveness of Korean managerial practices strongly suggests that they should not be studied in a purely descriptive, but also in a normative manner, thereby providing a base to study the conditions for the effective transfer of managerial tools across borders. While such a normative analysis has taken place for Japanese-style management when it was perceived as superior to Western management systems (e.g., Beechler and Yang 1994), the case of Korean-style management suggests that not only Japanese companies have lessons to offer to the world.

Practical implications

The findings of this article suggest that there appears to be major opportunities for non-Korean firms to strengthen their competitiveness by learning from their Korean counterparts. However, the attractiveness and ease of adoption of Korean managerial practices can be expected to differ across industry, market and country contexts (Hemmert 2018). As Korean-style management is particularly useful in highly dynamic business environments, its potential attractiveness is the highest for firms in fast-moving industries and emerging markets. However, as various Korean management practices, such as strong reliance on top-level leadership, are rooted in Korean cultural traditions, adjustment is needed for effectively transferring Korean managerial practices to different cultural environments. Moreover, the larger the cultural distance between Korea and the target location, the more challenging this adjustment can be expected. Firms from China, Japan, Taiwan, Hong Kong, and Singapore, which have been grouped together with Korea into the "Confucian Asia" cluster (Gupta and Hanges 2004), may be able to adopt Korean managerial practices with relative ease. Conversely, the transfer of such practices to locations with more egalitarian and individualistic cultures, such as Northern European and other Western countries, can be expected to be much more challenging, as more cultural adjustment will be required.

For an effective cross-border managerial knowledge transfer, there is a need for sufficient learning motivation and learning capacity at the receiving side, a willingness by the knowledge source to share the relevant information and expertise, and broad and diverse knowledge transmission channels (Gupta and Govindarajan 2000). Thus, non-Korean firms may leverage existing alliances with Korean partners to learn from them. Furthermore, research on the adoption of Japanese management practices by Western firms suggests that the effective transfer of managerial tools and systems to different organizational and cultural contexts is time-consuming and requires sufficient internal consensus and absorptive capacity (Inkpen 2008). This indicates a need for executives of non-Korean firms to effectively communicate the merits of learning from Korean firms internally and involves as many managers and employees as possible in the adoption process to strengthen acceptance.

Limitations and future research directions

The preceding considerations offer only a point of departure for studying how managerial practices by Korean firms may be introduced and adapted effectively in different countries and regions. Studies on specific managerial topics are needed. For example, how can strategic decisions be implemented swiftly and flexibly outside Korea without creating excessive stress among non-Korean employees? How can ambitious goal-setting excite non-Korean followers without dampening their intrinsic motivation? How can leaders enhance organizational performance by crisis creation without creating anxiety among non-Korean employees, which may induce them to leave the company? How can sufficient loyalty among non-Korean managers and workers be nurtured to justify extensive investment into their skill formation? Above all, how can a strong organizational cohesion and *esprit de corps* be created, which enables non-Korean employees to acquire a sense of ownership in a process of dynamic corporate expansion under forceful executive leadership? Clearly, more research is needed to gain specific insights on how aspects of Korean-style management may be introduced in other countries. In-depth studies of Korean companies' international subsidiaries offer a promising angle for such studies.

Conclusions

The review of Korean-style management in this article has revealed that Korean companies have widely adopted various specific managerial practices in strategic planning, strategy implementation, corporate leadership, and HRM. Furthermore, an evaluation of these practices by global management research has shown that they are broadly effective for enhancing companies' performance, particularly in dynamic and volatile business environments. These findings suggest that Korean-style management definitely has a future beyond Korea, as technological progress is accelerating in many industries and the importance of fast-growing emerging markets in the global economy is increasing. However, more research is needed on how Korean managerial practices can be effectively introduced outside Korea.

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