國際學碩士學位論文

The International Competitiveness of Korean CEOs: Ana Analysis of Business Leadership

한국 CEO의 국제경쟁력: 비즈니스 리더십에 대한 분석

2015 年 **8** 月

서울大學校 國際大學院
國際學科 國際通商 專攻

양진성

Master's Thesis

The International Competitiveness of Korean CEOs:
An Analysis of Business Leadership

August 2015

Master of International Studies
International Commerce Major
Graduate School of International Studies
Seoul National University

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Date: July 2015

ABSTRACT

Korea, along with the other Asian Tigers, stands as a modern developmental miracle. Its extraordinary speed of economic development draws attention from other countries that wish to emulate its success. Among various determining factors, strong business leadership played a crucial role in Korea's rise as an economy. This is perhaps best exemplified by the cases of Park Tae-jun, Lee Byung-chul, and Chung Ju-yung—the founders of POSCO, Samsung, and Hyundai respectively. This paper analyzes the business strategies and leadership traits of these three entrepreneurs using the ABCD model developed by Hwy-Chang Moon. The case studies provide meaningful lessons for businessmen and policymakers who wish to build competitive advantages in their fields.

Keywords: *Korea, ABCD model, Park Tae-jun, Lee Byung-chul, Chung Ju-yung, business leadership*

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CHAPTER ONE

INTRODUCTION

To recreate the success of various business leaders throughout history, scholars and business experts have analyzed countless case studies to find commonalities to emulate. These attributes are then grouped under models and theories that are purported to be definitive guidelines to success. The problem, however, is that there is a lack of rigorous quantitative analysis that shows a clear correlation between individual leadership and company performance. Does business leadership really matter? How crucial is individual leadership to company success? These are some of the questions that need to be addressed before one can take leadership case studies—and this paper—seriously.

In 2011, McKinsey published a report that gave rare quantitative evidence of the impact of individual business leaders (McKinsey & Co., 2011). They compared two databases, an analysis of company growth performed by themselves and assessments of individual leaders performed by Eghon Zehnder International, to find correlations between overlapping companies and executives. There were three major findings in this study[1]: (1) there is a strong correlation between "outstanding leadership" and growth, (2) there are very few outstanding leaders, and (3) it is extremely difficult to develop leadership traits beyond the initial assessment. One can take away several things from

[1] For details on the numerical ranking criteria that determine "outstanding leadership," refer to McKinsey & Co. (2011).

these findings. Because good leaders are rare and difficult to nurture, they are a significant source of competitive advantage for their companies. Moreover, there is a good reason to determine the qualities that make up a good leader. It is worthwhile to study the nature and historical examples of good business leadership, because leadership definitely matters.

To this end, it is meaningful to analyze the case of Korea and its entrepreneurs who have experienced an unprecedented level of success. Although brands like Samsung and Hyundai are now common household names, much of the newer generation remains unaware of their much humbler beginnings. This is mainly because of the extraordinary speed at which Korean firms and Korea as a whole developed. Many today cannot imagine that less than three generations ago, Korea had a GDP per capita comparable to the poorest African countries. Although some critics contend for this reason that the long-term growth of Korea remains to be seen, it is undeniable that Korea and Korean companies did at least something right.

This paper aims to show what some of those things are. Utilizing a new, comprehensive framework developed by Hwy-Chang Moon called the ABCD model, this paper will analyze the leadership of the "Big Three" Korean entrepreneurs: Park Tae-jun, Lee Byung-chul, and Chung Ju-yung. These three men hold particular esteem in their home country, because their successful leadership of their respective companies translated to success on a much larger scale. Indeed, Korea's emergence from poverty was largely on the backs of its new firms and infant industries. As the founders of POSCO, Samsung, and Hyundai respectively, Park Tae-jun, Lee Byung-Chul, and

Chung Ju-yung displayed strong and definable characteristics in their different approaches to business strategy. Despite their individual differences, however, they also shared common attributes as outlined by the four pillars of the ABCD model. By illuminating these attributes and establishing their relevance in the current era, this paper aims to provide important lessons for current and future business leaders and policymakers.

The following chapter will set up the ABCD model as the analytical framework for assessing business leadership. It proceeds through a literature review of existing business leadership studies and validates the ABCD model in comparison. The subsequent chapter dives into the backgrounds and management strategies of the leaders in each of the three case studies by showing how each leader started from the bottom and eventually ensured his company's future success. The paper will conclude by integrating the findings from each case study to provide a definitive guideline for establishing competitive advantages and success. The lessons to be learned are expected to have wide-reaching application to various academic disciplines and business environments.

CHAPTER TWO

ANALYTICAL FRAMEWORK

2.1 Literature Review

2.1.1 Business Leadership Theories

Perhaps the best place to begin any discussion of business management is with Peter Drucker. Described by *BusinessWeek* as "the man who invented management" (Byrne, 2005), Drucker published numerous publications, including 39 books, on various topics such as corporations, management, and effective leadership. Drucker likened himself to an ecologist in that he preferred to focus on the human relationships between leaders and employees rather than a mechanical management structure.

In particular, Drucker (2008) identified several assumptions regarding corporations and management, which he then proceeded to overturn. One is the master-servant relationship between corporations and employees; as the assumed owners of the means of production, corporations were seen to have a dominating influence over its employees. However, Drucker claimed that this is no longer the case, as knowledge had become the new means of production. This knowledge was under the possession of "knowledge workers,"[2] and the relative ease of knowledge and worker transfer meant that corporation-employee relationships were no longer dominated by one side. Drucker

[2] The term "knowledge worker" was first coined by Peter Drucker himself and was mentioned repeatedly throughout his career. It refers to workers who embody knowledge as the main capital, either by producing new ideas or utilizing existing knowledge as their primary resource. Common examples

heavily valued knowledge workers and the knowledge they developed, and he stressed that both leaders and workers must strive to continuously learn and transfer new sources of knowledge (Drucker, 1999).

Another assumption was that technologies were largely unique and limited to a particularly industry. Drucker again counters this by pointing to the current trend of emerging technologies. The 21st century, he claimed, would see an increase in the borrowing of technologies and ideas from seemingly unrelated industries. It was the management's responsibility, therefore, to foster learning with a bird's eye view of the entire business ecosystem. Rather than limiting one's R&D scope to a particular business activity, it was necessary to learn and adopt the top technology standards that others have developed from beyond.

Drucker (2008) went on to compare American business workings with that of Japan. In particular, he noted a paradoxical sequence of "foot-dragging" and "full speed" activities in the Japanese decision-making process. Once a decision and consensus was reached among Japanese leaders, the decision was translated into action at a lightning-fast pace. However, Drucker also noted that before the decision was reached, Japanese managers spent an inordinate amount of time considering all the available courses of action. This sluggish decision-making process was clearly at odds with the rapid translation into action, and Drucker highlighted some key points for American business leaders to learn. Unlike the Americans, who aimed to reach rapid decisions for tactical goals, the Japanese took their time identifying the correct course of action under a more strategic point of view. As a result, the validity of Japanese business decisions were

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include software engineers, lawyers, and academics.5

already “sold” before they were implemented, and Japanese workers had the leeway to realize the decisions as quick as possible. Americans, on the other hand, often have to sell their decisions after the fact, because they considered short-term symptoms rather than long-term solutions. In this way, Drucker showed how operational speed was largely contingent on first establishing viable and accurate goals.

Another key feature of Drucker (2001) was that he was highly critical of top-down management. These “command and control” leaders tried to do too much at once, which led to critical inefficiency. Instead, he favored a more decentralized system where the leader can effectively delegate responsibilities and duties among his employees. According to Drucker, it was the leader’s job “to make people capable of joint performance, to make their strength effective and their weakness irrelevant” (Drucker, 2001). Another method of decentralization was to outsource much of the labor. One of Drucker’s popular quotes was, “Do what you do best and outsource the rest.” Drucker was an early and avid advocate of focusing on core competencies and outsourcing non-critical tasks as much as possible. A final way of managing a decentralized workforce was a process termed by Drucker as “management by objectives” (or “MBO”). Instead of subordinating a company to a singular goal or value, Drucker believed it was necessary to balance a variety of goals and needs. Management by objectives was a system by which employees could clearly understand the tasks at hand and align themselves with the variety of established company objectives.

Another leading scholar on leadership and the decision-making process is Victor Vroom. Throughout his career, Vroom (1973, 1988) put forth a decision-making

model called the expectancy theory of motivation. The expectancy theory examines the underlying factors that contribute to an individual's motivation to perform a task (in Vroom's analysis, within the workplace), and it has several implications for business leaders who wish to enhance the performance of his employees. The theory assumes that there is a general human preference to maximize pleasure and minimize pain, and it consists of three components: expectancy, instrumentality, and valence.

Expectancy can be defined as the worker's perception that increasing his effort will lead to increased performance. It is closely tied to the worker's belief that he can complete the task at hand, and it is positively influenced by the availability of resources, support, and the right skills. Instrumentality, on the other hand, is the worker's belief that successfully completing a task will lead to an expected reward. Instrumentality depends on a worker's trust in the manager upholding his end of the bargain, and this in turn can be positively influenced by transparency in the process of reward delegation. Finally, valence is the value that workers place in the actual reward. A positive valence indicates desirability while a negative valence indicates that the worker doesn't consider the reward to be worthwhile. In summary, the motivational force (MF) can be described as follows:[3]

$$\boxed{\text{MF} = \text{Expectancy} \times \text{Instrumentality} \times \text{Valence}}$$

[3] While Vroom explains the expectancy theory in many of his later works, the definitions and formulation as presented here were first described in *Work and Motivation* (Vroom, 1964).

Assuming the expectancy theory is true, managers have potentially the largest influence on their employees' performance. Vroom argues that it is in the business leader's best interest to establish a system that closely ties worker performance to rewards. A clear system of financial bonuses, for example, can achieve this task. Moreover, the leader must accurately identify which rewards and incentives are valued by his employees. Because individual workers have their own value system, it may be necessary to consider a variety of reward options such as bonuses, paid vacations, and promotions. Finally, managers must foster the belief that employees can accomplish their assigned tasks. They must provide necessary resources and task support as well as identify precedents of successful task completion. Proper understanding of worker motivation can improve the input efforts of employees towards the desired company objectives.

A final theory of leadership can be found in James Kouzes and Barry Posner's popular book, *The Leadership Challenge* (Kouzes and Posner, 2012). In their research, Kouzes and Posner examined numerous case studies in an attempt to holistically identify unique traits of successful business leaders. Kouzes and Posner argue that these traits are learned, not inherited, and thus, it becomes a central objective for business leaders to develop these traits within themselves. Termed "The Five Practices of Exemplary Leaders," these traits are described by the phrases, "model the way," "inspire a shared vision," "challenge the process," "enable others to act," and "encourage the heart." In particular, inspiring a shared vision is closely related to Drucker's prescription of establishing clear and unified objectives. Successful

inspiration involves getting the employees to understand and align with the management's goals. Another key practice is challenging the process. Here Kouzes and Posner stressed the importance of not being complacent with the status quo. Instead, they argue that leaders must continuously look for new ways to improve the company. This inherently involves a certain amount of risk-taking, but in turn can prove to be valuable sources of learning for the future.

2.1.2 Criticism

With the emergence of numerous conflicting theories of business and leadership, existing theories have come under scrutiny. Peter Drucker himself was not immune to criticism, as arguments have been made against his management by objectives philosophy (Deming, 1982). In particular, the setting of production quotas as objectives can translate into poor quality, as workers are encouraged to meet objectives no matter the cost. Moreover, one of Drucker's assumptions in *Management* was that companies lacked the capacity to handle multiple business activities, and Drucker argued against diversification into unrelated industries (Drucker, 2008). As will be seen later, this contradicts the practices of early Korean firms that went on to achieve unprecedented levels of success despite extensive unrelated diversification. Drucker, during his career, was well respected for his analysis of Japanese business practices, but his strategy and leadership prescriptions cannot explain the success of Korean firms, which had a decisively different approach from their Japanese counterparts.

As for Victor Vroom's expectancy theory of motivation, scholars such as

Lawler and Porter (1968) have argued against the simplicity of Vroom's treatment of motivation. One of the common criticisms is that Vroom's theory is a perception-based model (*i.e.*, expectancy, instrumentality, and valence are determined by individuals' *perceptions* of what may or may not be the case) and thus lacks full applicability to real-life workplace situations. Another oversight due to simplicity is that Vroom neglects the emotional state of workers, which can heavily influence their motivation force. The expectancy theory also conflicts with the case of Korea's development in several ways. Motivation did indeed play a heavy role in Korea's development, particularly in the early phase. However, much of the motivation was tied to emotional sentiments of national duty and not the traditional financial or work-related rewards that Vroom envisioned. Again, detailed accounts will be given in the later case studies.

Kouzes and Posner's ideas also suffer from the limited scope of Drucker and Vroom's theories. The Five Practices essentially form a trait theory based on the authors' observations of already successful Western business leaders. While attempting to holistically cover the commonalities of good leaders, Kouzes and Posner's ideas cannot be applied to the Eastern business environment, especially for Korea in its early phase of development. While there are valid points to take away from Western trait theories, they are critically devoid of the experiences and perspectives of distinctly Asian business environments. For example, imitation strategies for technology and business practices played a key role in Korea's early development. However, Kouzes and Posner (as well as other Western scholars) are reluctant to acknowledge imitation or copying as a valid strategy for business leaders to follow.

Figure 1: Analysis of Existing Business Leadership Theories

Main Arguments	Criticisms	Possibilities for Improvement
Peter Ducker		
• Information age and adopting to new standards and technology • Value of human capital and knowledge • Speed of decision-making process • Decentralized management and outsourcing • Focus on company objectives	Blindly setting standards may lead to haphazard work and poor quality	Objective set under proper worker motivation and goal-orientation
	Argues against unrelated diversification despite successful implementation in other countries	Broader view of differentiation strategy with the possibility for mixing of business activities
Victor Vroom		
• Underlying analysis of decision-making process • Clear worker incentives in line with company objectives • Proper understanding of employee motivation	Perception-based motivation theory may be lacking in relevance or real-life application	Expectancy theory accompanied by accurate assessments of company and employee needs
	Neglects emotional motivational factors	Broader view of motivation with other factors (*e.g.,* nationalism, emotional fulfillment)
James Kouzes & Barry Posner		
• Trait theory based on case studies • Leadership traits are learned, not inherited • Aligning objectives with employee motivation • Continuous improvement and learning	Denies imitation as a viable strategy despite successful implementation in other countries	Broader view of external learning and benchmarking strategy
	Lack of emphasis on speed and decisiveness in leadership	Empowering employees while upholding speed in decisions and activities

Another general criticism is that existing theories cannot produce a holistic model that covers the fundamental qualities of good business leadership. Drucker, as the most prolific writer, covered much ground across his extensive career. However,

Drucker did not make an attempt to unify his many ideas under a cohesive strategic model. Moreover, existing studies only address the "what" factors behind leadership and do not explain how to achieve these factors in the first place. They offer certain traits or behaviors behind successful leadership but do not provide practical guidelines for replicating these traits. Also, as previous mentioned, existing theories are limited by their Western perspective. The "what" factors are able to explain leadership strategies and traits under superior business conditions with available resources, but this was far from the case for countries like Korea that were critically lacking in labor, capital, and technology. How, then, were Korean leaders able to lead their firms to unprecedented levels of growth? In addition to exploring *what* factors affect effective leadership, such as decentralized management and objective sharing, its is important to understand *how* these factors were implemented to explain the success of Korean business leaders.

Therefore, it is worthwhile to explore a new model for analyzing the competitiveness of business leaders. The requirements of the model are that it provides a holistic view of good leadership, while also explaining how the leadership traits can be implemented. Moreover, the model needs to have broader applicability to both the Eastern and Western business environment, and this paper will test this requirement against the experience of Korean business leaders. The following sections will propose a new candidate called the ABCD model to fill this role and offer a comparison with existing theories to validate the requirements outlined above.

2.2 The ABCD Model

The ABCD model was originally built by Hwy-Chang Moon as a holistic framework for understanding the business and economic growth of Korea.[4] However, the ABCD model can also be applied to any case where competitive advantage is involved—this section will validate it as a framework for analyzing business leadership. Each letter of the ABCDs represents one of the four pillars of the model: agility, benchmarking, convergence, and dedication. Each pillar is in turn composed of two sub-factors, and together they form a comprehensive tool for assessing competitiveness in business leadership. The section proceeds by explaining each component of the ABCDs under a business leadership context.

Figure 2: The ABCD Model

Agility	Speed
	Precision
Benchmarking	Learning
	Best Practice
Convergence	Mixing
	Synergy-creation
Dedication	Diligence
	Goal-orientation

[4] The ABCD model was first introduced by Moon in a periodical article (Moon, 2012a) and was supported by extensive case studies in his book (Moon, 2012b). A revised and updated edition was later published in English (Moon, 2015) and serves as the foundation for this section.

2.2.1 Agility

Koreans today are generally known for their obsession with speed. They show intolerance for delays and slow processes in business as well as everyday life. This pervasive attitude is captured by the popular phrase *pali pali*, which means "quickly, quickly." It manifests in business practice through strict maintenance of delivery schedules and commitments both within and without the company. Although speed is a widely recognized aspect of Korean business, a crucially overlooked factor is the precision with which businesses operate; Korean business leaders are unwilling to sacrifice quality and precision despite remaining committed to a rapid pace of action. The agility component of the ABCD model encapsulates both the speed and precision aspects of business practices, and they form the two sub-pillars for this factor.

Speed

Speed is often an overlooked factor in assessing business leadership. Although widely assumed to be the case, leadership theories fail to emphasize the speed and decisiveness with which business leaders are required to act. For example, CEOs often have a small timing window to branch their company into new markets. One step too late, and they face the possibility of a market opening being occupied by a quicker competitor.

Koreans, however, are not ones to shy away from speedy decisions and processes. A good indication of this is the blazing fast Internet speeds that are widely available throughout the country. Although Korea already distinguishes itself as the clear leader in average Internet connection speeds, the Electronics and

Telecommunications Research Institute (ETRI) announced in late 2014 that it had successfully developed and tested optical networking technology capable of producing a 3.2 Tbps Carrier Ethernet system. Furthermore, the Korean government has already moved to commercialize the technology, with the optical Carrier Ethernet market expected to be valued at US$ 42.8 billion by 2017 (Cho, 2014).

Koreans are adept at both developing and utilizing this kind of speedy technology to enhance their business activities. Moreover, as demonstrated by the immediate response of the Korean government and telecommunications companies, Korean leaders do not hesitate to respond quickly to their perceived needs, even in areas in which they already excel. This kind of speedy and decisiveness decision-making is one of the reasons that Korean business leaders were able to succeed despite the early lack of capital and technology enjoyed by established Western firms.

Precision

However, speed without accompanying precision can lead to dangerous and disadvantageous situations. A prime example is the mass recall of 19 million of Toyota's automobiles due to a dangerous brake failure problem from late 2009 to early 2011 (Klayman, 2014). Toyota, which prided itself in the speed of its automobile production process, failed to adhere to quality control standards that negated the speed with which they operated. Toyota's business leaders in this case, can be faulted for neglecting precision in their orders to maintain production volume.

Although speed and decisiveness are widely assumed to be positive qualities in

decision-making, management theories often underappreciate precision in comparison. While it is important to set accurate goals for the company, it is equally important to maintain precise quality standards in order to truly create value. A smart combination of both speed and precision is needed for business leaders to embody agility as described by the ABCD model.

2.2.2 Benchmarking

Perhaps the least understood component of effective leadership is the benchmarking component of the ABCDs. While existing theories acknowledge the need for continuous learning and improvement, much of these efforts are focused internally within the company. However, it is equally, if not more, important to learn from other firms within the industry. Because of the modern focus on innovation as a driver of growth, many leaders believe that new sources of knowledge must be developed while being shielded from the outside. However, business leaders from developing countries have more to gain and less to risk by acquiring technology and knowledge from other established companies. However, caution must be taken to acquire the *right* kind of technology as defined by the best practice of the industry. Leaders and managers have the responsibility to accurately identify their needs and pursue the best practices accordingly.

Learning

Learning is a continuous process that must occur throughout a successful business

leader's career. In the current era of short product cycles and quickly shifting technology, it is imperative that both manager and the employees take in the constant stream of knowledge. Too often, the focus of today's business leaders is in creating new knowledge through innovation. Although self-innovation is and will continue to be an important engine of growth, there is always something to learn from the successful practices of other leaders and companies. Steve Jobs, for example, was known for saying that Apple had "always been shameless about stealing great ideas." Ironically, the modern icon of innovation was also an advocate for acquiring knowledge from existing sources.

As a case in point, Jobs was responsible for developing the iPhone despite Apple not inventing its component technologies. Cellular phones, digital cameras, and mobile music players had all existed before the launch of the first iPhone in 2007. Moreover, Apple's signature OS X operating system was based on the NeXTSTEP platform (which it acquired via the purchase of NeXT Computer), which in turn was built on the Mach kernel developed at Carnegie Mellon University (Markoff, 1996). Through keen insight into consumer preferences and the overarching industry, Jobs demonstrated how leaders can innovate by assembling knowledge and technology from outside sources.

Best Practice

As was the case with speed and agility, care must be taken not to pursue learning blindly—Nokia's fall from market dominance serves as a cautionary tale. One of the

reasons given for Nokia's fall to Apple and Samsung in the mobile phone market was that it neglected the software component of its products in favor of superior hardware (Surowiecki, 2013). Convinced that hardware was the key competitive factor in the industry, Nokia's executives spent all their resources in hardware R&D, while Apple pursued both hardware and software development simultaneously. Nokia's leaders failed to grasp the best practice in the industry, as exemplified by Apple. The end result was that Nokia's mobile phone department continuously ceded its market share to Apple before eventually being purchased by Microsoft in 2013.

Nokia's case shows why it is important to pursue learning and development with the best practice in mind. Before setting a new global standard via innovation, it is important for business leaders to identify either the prevailing best practice or the emerging best practice of the future. This in turn requires a vigilant mindset and a dedication to observing the existing trends and changing business patterns. Business leaders cannot skip the step of improving to the current top level before improving even further.

2.2.3 Convergence

Business leaders today face the need to handle multiple tasks simultaneously. One application is the diversification of business activities to take advantage of overlapping technologies and industries. Within the company, leaders also need to coordinate the task force to ensure that multiple tasks can occur smoothly. However, leaders also need to make sure that this mixing occurs in a manner that is harmonious and beneficial to

the company. As Peter Drucker (2011) warned, overambitious ventures into unnecessary business activities can become a weakness that inhibits company growth. Convergence, therefore, prescribes mixing that occurs under the goal of synergy-creation.

Mixing

In cases like Korea in its early developmental stages, firms are often in precarious situations that demand immediate sources of income. Korean business leaders decided to address this disadvantage by searching for any promising areas for growth. This often led to unrelated diversification where companies were engaged in various activities that were not mutually reinforcing. A prominent example is Samsung's diversification into the sugar, textile, and semiconductor industries.

However, it is important to note that this was viable due to the excess demand that existed in various markets in Korea's early stage of economic development. The markets themselves were high-profit opportunities for Korean companies to soak up much needed income. Although the activities themselves were unrelated, Korean leaders were able to unite them under a cohesive business structure that utilized cross-investment across industries. Samsung, for example, took the early profits from its sugar refining business and invested them as startup capital for its fledgling electronics activities. The conditions were correct for this strategy to result in overall company growth, and Korean business leaders took full advantage of this.

Synergy-creation

The mixing of business activities, however, can be a detriment rather than a boost to the company if they work against each other. Sony's venture into the film and music industries despite a crowded market only served as a capital drain that eventually negatively impacted its solid hardware and electronics businesses. There are analogous cases for Korean firms, such as Haitai's disastrous entry into construction in 1990 despite its origins as a producer of confectionery and instant foods. The lack of synergy in these activities resulted in a decrease in sales and revenue during the early 2000s (Lee, 2010). It is crucial, therefore, for business leaders to correctly define the path to competitiveness through controlled mixing with the requisite creation of synergy.

2.2.4 Dedication

Much of the existing business leadership studies dealing with management-employee relations are in aimed at improving worker productivity. Productivity, on the other hand, is greatly determined by the dedication factor of the ABCD model. By positively influencing employees to work diligently and increase their effort, business leaders can vastly improve the overall productivity of the workforce. This of course will only be beneficial if the productivity is geared towards the proper goals of the company.

Diligence

Koreans today are widely recognized for their diligent work ethic. In fact, Korean workers have the second highest average annual working hours among OECD countries

(OECD, 2013). This was even truer, however, for Korean laborers in the past. Much of Korea's early development was on the backs of its workers, who tirelessly put in long hours to accomplish their assigned tasks. In this sense, Korean business leaders were extremely successful in motivating their employees to work hard and complete tasks on time. This was the essence of Paul Krugman's description of the High Performing Asian Economies' (HPAE) "perspiration" route to success (Krugman, 1994).

Although Krugman attributes most of the HPAE's growth to diligence and stringent government regulations, the Korean people were also heavily motivated by another important factor—nationalism. Korean workers did not have the option of failure, because the fate of their country was resting on their shoulders. To this end, Korean business leaders were skillful in building a nationalist fervor in their workers and directing it towards company goals. This is often overlooked in Western business leadership theories, because developed countries do not experience the same level of nationalistic pressure. Korea own version of the Protestant work ethic was clearly present in the workplace, and business leaders responded appropriately.

Goal-orientation

Like the other three pillars of the ABCD model, dedication defined by only one sub-factor (diligence) can lead to dangerous situations. Diligence must of course be directed towards the proper company goals. Goal-orientation is perhaps the most commonly found feature of existing business theories. All leadership theories emphasize the importance of unifying the workers, instilling a conviction towards objectives, and

setting the right goals for success. Perhaps this is because goal-orientation is one of the most recognizable ways for leaders to have an impact on their company. Employees naturally look to management to communicate company goals as well as delegate tasks.

Korea, as well as many other Asian countries, has a cultural influence in this aspect. Managers and business leaders represent one part of an established top-down power relationship in parallel with Confucian ideals. In many cases, employees even demand that proper goal-orientation to be carried out by the management if it is not already. As will be shown in the later case studies, strong goal-orientation is among the highlights of Korean business leaders' accomplishments.

2.3 Comprehensiveness of the ABCD Model

Existing theories of business leadership are dominated by trait and situational theories. Scholars such as Peter Drucker, Victor Vroom, James Kouzes, and Barry Posner have identified desirable qualities of successful business leaders and prescribed certain courses of action for dealing with specific situations. However, the existing theories fail to provide a cohesive and comprehensive model for two reasons.

First, Western situational leadership theories are limited in their applicability to a broad range of relevant scenarios. In particular, the previous sections have shown how the existing theories cannot account for some of the unique circumstances of Korean business, such as nationalistic motivation and unrelated diversification. The ABCD model, on the other hand, is able to cover these bases while simultaneously addressing the typical decision-making situations that have been detailed in the past.

Second, existing theories fail to provide a single model that can systematically cover all the necessary qualifications for competitive leadership. Kouzes and Posner certainly set out to do so by covering the five qualities of successful leaders they deemed to be exhaustive and definitive. However, their focus is limited to the manager-employee relationship without addressing situational decision-making needs. Drucker, on the other hand, covered the most bases out of all management scholars, but he did not make an attempt to unify his ideas under a single framework. Finally, Vroom limited his scope to the motivation and decision-making aspects of leadership without addressing operational leadership traits.

The ABCD model is proposed as an exhaustive framework that incorporates the necessary elements of leadership theory, while also extending its applicability to different business environments. **Figure 3** illustrates the comprehensiveness of the ABCD model by organizing the business leadership theories covered in the literature review under each of its components and sub-components. While not contradicting previous leadership findings, it provides a systematic and unified framework for analyzing business leadership in the future. This framework will be utilized to assess the business leadership case studies in the following chapter.

Figure 3: Comparison of the ABCD Model with Existing Theories

	Existing Works	Theories and Examples
Agility		
Speed	*Management* (Drucker, 2008)	• Quick translation of decision into action
Precision	*Management* (Drucker, 2008)	• Careful and methodical determination of decisions before action
Benchmarking		
Learning	*Management Challenges of the 21st Century* (Drucker, 1999); *The Leadership Challenge* (Kouzes & Posner, 2012)	• Continual learning and transfer of knowledge by "knowledge workers" • Challenging the process
Best Practice	*Management* (Drucker, 2008)	• Learning top technology from other industries
Convergence		
Mixing	*Management* (Drucker, 2008)	• Acknowledgment of overlapping technologies, activities, and industries
Synergy-creation	*The Essential Drucker* (Drucker, 2001)	• Delegation and decentralized management for "joint performance" • Smart combination of outsourcing
Dedication		
Diligence	*Leadership and Decision-Making* (Vroom, 1973); *The New Leadership* (Vroom, 1988)	• Utilizing the expectancy theory to improve worker motivation
Goal-orientation	*Management* (Drucker, 2008); *The Leadership Challenge* (Kouzes & Posner, 2012)	• Management by objectives • Inspiring a shared vision

CHAPTER THREE

CASE STUDIES

Because of the extraordinary success of early Korean CEOs against overwhelming odds, they are prime candidates for studying how effective leadership can overcome competitive disadvantages. Korea, in particular, had to rely on advanced human factor conditions, because it was seriously lacking in physical capital and resources to begin its economic development. The key factor for actors in this situation is strong business leadership, because leaders can efficiently mobilize limited resources to enhance their companies' competitiveness (Cho and Moon, 2013).

This was indeed true for Park Tae-jun, Lee Byung-chul, and Chung Ju-yung—the founders of POSCO, Samsung, and Hyundai, respectively. By displaying spectacular vision and decision-making, these three CEOs were able to lead their companies from their humble roots to the global powerhouses they are today. This chapter will proceed by examining each case study separately to highlight the history and leadership experiences of each Korean business leader. The chapter will then conclude by analyzing the case studies together under the ABCD framework.

3.1 Park Tae-jun and POSCO

Park Tae-jun was born in 1927 in Yangsan, a fishing village in southern Kyungsang province. After spending the majority of his childhood in Japan, Park returned to Korea

to enlist in the Korean Military Academy. There he became acquainted with eventual president Park Chung-hee, who was stationed at the academy as an instructor. Park's association with the future president would prove to be critical to his future, and he maintained a close working relationship with him throughout his career. Upon seizing power in 1961, Park Chung-hee promptly appointed Park Tae-jun as his chief of staff and economic advisor. Eventually, President Park would involve Park Tae-jun in his impactful decision to thrust Korea into the steel industry by calling on him to lead the predecessor of POSCO, the Pohang Iron and Steel Company (hereafter referred to as POSCO).

Although the government played an ingrained role in all of Korea's early *chaebols* (or conglomerates), Park Tae-jun maintained an especially close relationship with President Park. President Park assisted POSCO by providing critical startup capital, and Park Tae-jun accepted the responsibility that came with it. Park was skillful in translating this responsibility to his employees, and he enjoyed strong dedication from his workforce. Although many critics contend that Park and POSCO were only able to succeed due to government assistance, it is undeniable that Park's leadership played a key role in allocating those resources efficiently. Park was able to lead his company through its shaky early foundations despite the doubts of all those around him.

3.1.1 The IBRD Report

In order to realize his ambition for Korea's steel industry, President Park Chung-hee and the Korean government made great effort to secure financing from the international

community. When they approached the IBRD, however, they were rejected due to prevailing skepticism about Korea's capability to engage in heavy industry at such an early stage of economic development. The IBRD later released a report in which they advised Korea to avoid technology-intensive industries and first build competitiveness in agricultural and labor-intensive industries (IBRD, 1968).

Despite being similarly rejected by other international institutions and foreign governments, President Park Chung-hee pressed on and eventually negotiated a reallocation of Japanese war reparations to his steel initiative. With the technical assistance of Japanese steel companies, Park Tae-jun successfully constructed Korea's first steel plant in 1973. In spite of widespread predictions of POSCO's slow start and eventual demise, POSCO began generating profits almost immediately. Throughout its initial four stages of construction, POSCO showed a steady increase in steel production while accepting less and less foreign loans and investment (Institution for Industrial Policy Studies, 2004). Moreover, the speed with which it proceeded through construction phases was unprecedented in the global steel industry. With this achievement, POSCO vastly exceeded the predictions of all critics, from steel industry experts to the IBRD. This was only possible because Park Tae-jun utilized strong business leadership to meet seemingly impossible construction schedules and production targets. The next section explains some of these leadership qualities in detail.

Table 1: Pohang Steel's Production During Early Stages

Phase of Construction	I (1970-1973)	II (1974-1976)	III (1976-1978)	IV (1979-1981)
End Steel Production (million metric tons)	1.03	2.6	5.5	8.5

Source: Institution for Industrial Policy Studies

3.1.2 Park Tae-jun's Leadership Qualities

As evidenced by the fast construction of steel facilities, Park Tae-jun was an expert at speedy operation. The phase-by-phase construction completion schedules not only saved time but millions of dollars. More importantly, however, Park never sacrificed precision in pursuit of speed. Park was notorious for his strict and methodical standards for steel plant construction, and he was known to halt and restart entire construction projects upon discovery of small but significant flaws. This was characteristic of the "scientist-engineer" leaders envisioned by the Park Chung-hee administration (Han and Downey, 2014). Furthermore, Park's commitment to precision also extended to business practices—Park consistently upheld transparent business practices in the midst of widespread corruption around him.

Park was also dedicated to consistent learning from existing global steel leaders. Park and POSCO benefited tremendously from the technical collaboration with Nippon Steel in its early days, and he constantly sought new areas for improvement. At the same time, Park implemented overseas training programs to adapt the best practices from other firms. By never becoming complacent with POSCO's current level of

success, Park Tae-jun was able to establish the new best practice as a global leader in steel production.

Perhaps Park's greatest leadership quality was his ability to inspire his employees. Park was a firm believer in the value of human capital, and he considered individual skills to be paramount to overall company success. As for motivation, Park demonstrated proper application of the expectancy theory by establishing rewards and incentives for successful completion of tasks. For example, Park himself ensured that POSCO's employees received higher wages than others in similar industries, and he provided additional non-financial incentives such as paid overseas training programs, welfare programs, and a top quality residential complex near construction sites.

Park also successfully garnered his employee's motivation towards shared company goals. Park believed in leading by example, and he demonstrated his own diligence by abandoning leisure activities to focus him time on construction sites. Another big unifying factor was national pride. Park understood that his country's fate was tied to the success of its early industries, and he properly communicated this fact to his employees. In Park and his employees' minds, failure was not an option, and this served as further non-incentivized motivation for workers to input maximum effort.

However, Park himself was not without his shortcomings. He went on to have a tumultuous political career that was mired in scandals and allegations of bribery. As for his business leadership, many criticize Park's failure to untangle POSCO's ties to the government after its initial takeoff (Han and Downey, 2014). Although POSCO was eventually privatized in 2000, it never truly shed the controversies and allegations of

corruption that accompanied the ongoing connections between the leadership and the government. Although government support may have been crucial and even necessary for POSCO to gain a foothold, the underlying political connections can be seen as a failure of proper mixing strategy.

Figure 4: Analysis of Park Tae-jun's Leadership

Strengths	
Agility	• Speed in construction and delivery schedules, as evidenced by plant and steel production • Demanding precise and accurate construction policies to maintain quality standards
Benchmarking	• Learning from technical collaboration and knowledge-sharing with Japanese steel firms • Striving to benchmark standards of established leaders like Nippon Steel
Dedication	• Utilizing incentives and rewards to inspire employee diligence • Motivating employees towards both company and national goals
Weaknesses	
Convergence	• Failing to disentangle POSCO's ties to the government (*i.e.,* improper mixing of business activities)

3.2 Lee Byung-chul and Samsung

Lee Byung-chul was different from the other case study leaders in that he was born to a wealthy family. Like Park Tae-jun, Lee Byung-chul spent considerable time in Japan while studying at Waseda University. Lee returned to Korea before completing his

studies to inherit land from his wealthy father. Lee used his resources to open a rice mill as well as establish a freight business within Korea. However, Lee faced his first failure in life when he was forced to close all his businesses with the outbreak of the Sino-Japanese War in 1937.

From this early experience, Lee developed a cautious approach to business, such as constantly monitoring of domestic and international conditions, avoiding unnecessary risky ventures, and preparing exit strategies in advance. Eventually, Lee went on to open various new businesses in distribution, sugar refining, and textiles. His second round of business success eventually allowed him to engage Samsung in the electronics and semiconductor industries, which remain Samsung's most competitive businesses today. Despite possessing greater comfort and leeway than the other CEOs due to his background, Lee nevertheless displayed excellent business instincts and leadership to boldly enter the semiconductor industry and build a giant conglomerate from humble activities.

3.2.1 The Mitsubishi Report

Samsung initially focused on relatively more labor-intensive goods such as TVs, radios, and home appliances until the mid-1970s. However, in 1974, Samsung made a dramatic pivot into the electronics industry with its acquisition of Hankook Semiconductor. Lee correctly realized the huge growth potential of semiconductors, and in 1983, he gave his famous "Tokyo Declaration" to announce Samsung's commitment into becoming a global leader in semiconductors in the near future.

Lee's declaration was met with immediate skepticism, as the semiconductor industry was fairly crowded by established American and Japanese firms. Samsung had no prior experience in anything related to semiconductors, and they lacked the advanced technology and production methods to compete with its global counterparts. In response, the Mitsubishi Research Center published an internal report in 1983 titled "Five Reasons Why Samsung Cannot Succeed in the Semiconductor Industry," citing a small domestic market, weak supporting industries, poor social infrastructure, small corporate size, and low technological capabilities.

Unfazed, Lee continued to invest in the semiconductor industry, by dispatching employees to be trained in collaboration with foreign electronics companies. After experiencing hostility in its attempt to acquire foreign technology, Samsung was able to learn key production technologies from Japanese companies like Sharp. Just one year after the Tokyo Declaration, Lee managed to build Samsung's first semiconductor production plant in 1984.

In the same manner as Park Tae-jun and POSCO, Lee Byung-chul was able to prove his detractors wrong. Critics were correct in pointing out Samsung's competitive disadvantages prior to its entry into the semiconductor industry. However, the same critics failed to understand the overcompensation of Lee's business leadership in navigating Samsung through crisis. Instead of focusing on the negatives, Lee managed to create competitive advantages where none existed by making accurate decisions and maintain a good working environment.

3.2.2 Lee Byung-chul's Leadership Qualities

Lee Byung-chul displayed speed and decisiveness in his early entry into potential markets. Where others waited to see how market conditions developed, Lee quickly moved in to occupy market space before it got too crowded. For example, Lee established Cheil Jedang, a sugar company, in 1953 amidst the devastated environment of post-war Korea. Lee understood that the conditions were right for strong demand for basic food items like sugar. Instead of waiting for infrastructure and economic foundations to be rebuilt, Lee jumped at the opportunity to occupy a key market at the best possible time. Furthermore, Lee's strong understanding of the market was not based on intuition alone. He conducted precise studies of consumer preferences in order to identify trends in market behavior, and he projected from there. By demanding precise knowledge and acting accordingly, Lee was able to produce products that were more desirable that those from other firms.

Lee Byung-chul was also a good learner. He made it a point to study other industry leaders to identify trends and build new strengths. In his later days, Lee developed a routine of visiting Tokyo at the start of each year to design new business plans. With his grasp of Japanese language and culture, Lee was able to analyze Japanese media reports and commentaries on economic trends. After carefully digesting the Japanese experts' analyses of the past year and forecast for the future, he met with reporters, experts, and businessmen in related fields to acquire in-depth information. Whenever Lee thought a particular issue was especially important, he ordered his team in Korea to validate the information and construct specific business plans using this

knowledge.

Lee did not cling to one specific target for learning superior technology and advanced practices. He excelled at combining his business intellect with outside knowledge and experience (Park and Barjot, 2008). An important lesson he learned through his observations was to conduct simultaneous research on Japanese and American markets. Lee noted that successful business ventures in the US could still fail in Korea, but businesses that succeeded in both the US and Japan had a much higher chance of success. By combining the best practices of American and Japanese companies, Samsung was able to quickly catch up and even pass the industry leaders from the US and Japan.

Lee's leadership of Samsung is also noted for its wide-reaching diversification into numerous business activities. In the early days of Samsung, business operations were largely unrelated due to lack of capital, unsophisticated market consumption, and insufficient domestic industries. However, as Samsung gained a foothold, Lee navigated his company towards greater synergy-creation and cross-investment over related business activities (see **Table 2** below). By doing so, Lee demonstrated an excellent control of mixing and synergy-creation to lead Samsung to prosperity.

Lee Byung-chul also excelled at fostering dedication among his employees. Like Park Tae-jun, Lee took a hands-on approach to recruitment and placed heavy value on human capital. When Samsung made its first foray into semiconductors, the public disparaged Lee Byung-chul as a megalomaniac, and experts across the world predicted Samsung's imminent demise. However, Lee managed to maintain his employees'

motivation by delivering noticeable results that the employees could respond to. In 1982, Samsung Group's total revenue was about $6 billion, which was only one fourth the revenue of Phillips, the largest electronics company of the time. However, Samsung's revenue more than doubled by 1995, and this figure has grown rapidly since. Lee developed his own unique leadership style and meticulous strategies, which served as the foundation for Samsung Electronics and Samsung Group as a whole.

Table 2: Composition of Sales of Samsung Group (%)

1965		1976		1987	
Food	48.0	Textiles	28.0	Wholesale & Retail	35.0
Textiles	40.0	Food	25.0	Insurance	30.2
Insurance	12.0	Home Appliance	24.0	Home Appliance	18.3
		Insurance	18.0	Food & Leisure	4.4
		Paper	3.0	Textiles	3.7
		Construction	1.0	Vehicles	3.3
				Construction	2.4
				Semiconductor	0.8
				Paper	0.5
				Machinery, Iron, Steel	0.1
				Minerals	0.1
				Telecom.	0.1
				Other Services	0.1

Source: Chang (2003)

Figure 5: Analysis of Lee Byung-chul's Leadership

Strengths	
Agility	• Speed in both production and market entry • Pursuing precise and detailed information of market preferences
Benchmarking	• Learning from overseas study of advanced consumer markets • Adapting to the best practices of American and Japanese electronics firms
Convergence	• Widespread mixing of business activities • Reorganization for greater synergy creation among related industries
Dedication	• Creation of strong work culture fostering diligence among employees as "Samsung men" • Linking employee diligence with company growth objectives

3.3 Chung Ju-yung and Hyundai

The least privileged among the leaders in the case studies, Chung Ju-yung was born in 1915 to a family of peasant farmers. He had a rather insecure childhood, running away from home four times to escape his life of poverty. Eventually, Chung found favor with a rice store owner, and his hard work and diligence paid off when he inherited the store despite having no family ties.

Over his career, Chung successfully branched out into many other industries. He opened an auto repair shop, in anticipation of increasing demand in the auto market, and he entered into construction after witnessing big profits in the industry. In addition,

after observing the mass transportation of construction materials, fuel, and wartime supplies, Chung built a very successful shipbuilding industry. Later, Chung started an auto manufacturing business when he foresaw Korea's transition to personal vehicles with rising income, and he displayed excellent leadership in guiding it out of its early troublesome years.

3.3.1 The US Consumer Reports

Chung Ju-yung established Hyundai motors in 1967, despite lacking the necessary capital, technology, and experience. After troubles with its early models, Hyundai eventually created Korea's first domestically produced car called the Pony in 1974. Chung did not hesitate in taking advantage of this breakthrough, and Hyundai began exporting its Pony model to foreign countries within two years.

However, problems surfaced in 1986 when Hyundai began selling a model called the Excel in the US market. The Excel fell far behind other competing vehicles in all criteria excluding price. In the early 1990s, the Excel repeatedly ranked in the bottom of a number of consumer assessments, including the US Consumer Reports. The report advised car-buyers to steer clear of the Excel and also claimed that the Excel's poor outing in the US was foretelling of Hyundai's future success in other countries. As a result, Hyundai became the butt of numerous jokes due to its poor quality, and Hyundai suffered a vastly degraded corporate image in America.

Despite the failure and humiliation Hyundai faced early on, Chung Ju-yung never lost his determination. As one of Chung's last directives before relinquishing

leadership of the company, Hyundai initiated drastic quality improvement measures to ensure the upcoming medium-class Sonata succeeds in the American market. However, Hyundai did not stop there. It never ceased the quality improvement process, and the designs for Hyundai's cars were continually enhanced over time. Consumer journals that had previously given Hyundai negative reviews reevaluated the company's competitiveness, and Hyundai started to gain positive widespread recognition. As consumers began to associate Hyundai cars with quality and value, Hyundai further improved its market positioning.

Table 3: Hyundai's Catch-Up Process

Phase of Production	I (1967-1976)	II (1973-1985)	III (1980-1994)	IV (1984-1995)
Car Model	Ford Cortina	Pony	Excel	Accent
Mastered Technology	Assembly	Initial design	Advanced design	Own Design
Preparation	Poaching personnel, literature review, observation tours	Literature review, observation tours, hiring foreigners	Literature review, observation tours	Poaching scientists, literature review
Acquisition	Packaged technology transfer	Unpackaged technology transfer	Unpackaged technology transfer	Domestic and foreign R&D
Assimilation & Improvement	Learning by doing	Learning by doing	Learning by doing	Learning by research

Source: Kim (1996)

3.3.2 Chung Ju-yung's Leadership Qualities

Chung Ju-yung is well known as a man of action. When accused by his subordinates of asking for the impossible, he always retorted, "Have you tried?" This quote reflects Chung's ever positive and action-driven attitude and has become somewhat of a motto throughout Hyundai. By observing the changing needs of customers, he gained valuable insight into the market demands of post-War Korea and quickly occupied desirable markets such as shipbuilding, securities, and capital investment before others. Chung also prioritized speed in actual production and services, and he especially emphasized the importance of upholding delivery schedules. Chung's early auto repair facilities always finished scheduled maintenances on time no matter how many cars were in line for repair. Due to Chung's reputation for punctuality, Hyundai Construction was able to rise above intense competition and secure contracts for numerous projects including the Patani Naratiwat Freeway in Thailand, Kamlanman US military complex in Vietnam, and Asuri Ship Repair Center in Bahrain.

Another key quality of Chung Ju-yung was his ability to benchmark established leaders. Whereas founders of POSCO and Samsung relied more on Japanese expertise in steel and electronics, Chung Ju-yung leaned more towards American standards. Early on, Chung utilized his American contacts to secure many projects such as the airstrip of Osan military base and dock at Incheon Port.Through his dealings, Chung was able to witness the strict and high standards of the US military. Unlike Korea, the US military had detailed specifications for everything from tool sizes to repair processes, which were documented in handbooks and manuals. The efficiency and standardization of US

military activities left a deep impression on Chung, and this would influence his management style for years to come.

Chung was also noted for his skill in bringing in outside resources to construct creative solutions. Chung especially displayed this ability when constructing a water control system at the Sosan tide embankment in 1984. The current was so severe that even big masses of rocks were easily swept away, and this posed a serious problem for the construction project. Against the advice of his engineers, Chung brought in a 322-meter, 230,000-ton tanker that was destined for the scrapyard. He deftly sank the ship to the bottom of the sea, which scattered the troublesome current and allowed construction to proceed. This would not be possible if he had not had the experiences in shipbuilding business. Hence the synergistic combination of various experiences can be an important source of competitive advantage for leaders.

In another famous example, Chung secured the $931 million bid for the Jubail industrial harbor project, which was dubbed at the time as the largest construction of the 20th century. The port required the installation of massive 10-story-tall steel jackets in addition to thousands of tons of steel and concrete materials. Because Hyundai Construction had set an unrealistically low bidding price in a desperate attempt to secure the contract, Chung faced seemingly insurmountable time and cost restrictions. His solution was to utilize the pre-exiting industrial complex in Ulsan to build the jackets rather than constructing them on site, which would have resulted in massive overhead costs. Then, the completed jackets and materials were to be shipped 12,000 km from Korea to Saudi Arabia without insurance to save additional money. The

employees and top management teams balked at the idea, many of them denouncing it as madness. To this, Chung replied with his trademark phrase, “Have you tried?” Chung’s impossible plan succeeded in the end, and the Jubail industrial harbor project was added to Hyundai’s long list of landmark achievements.

As was the case with Park Tae-jun and Lee Byung-chul, Chung Ju-yung’s achievements were only possible due to his unwavering dedication. Like Park and Lee, Chung carried the weight of his country’s development on his shoulders, and as such, failure was not an option. He never backed down from a challenge, and when others only saw failure and impossibility, Chung saw potential for growth. His confidence, however, was not some misguided fantasy - Chung always backed it up with results. While soliciting orders for ships from foreigners, Chung was asked where his shipyard was, to which he replied, “If you buy a ship, I’ll build one with the money.” Chung delivered on his promise - he completed the ship order on time, and the resultant Mipo Shipyard in Ulsan went on to become the biggest in the world.

However, Chung was also not without his shortcomings. Much like Park Tae-jun, Chung’s later years were marked by a rocky venture into politics, including an unsuccessful presidential bid. In both his political and business leadership career, Chung was often characterized as a megalomaniac, who was difficult to work with (Kirk, 1994). Due to his numerous successes as a CEO, Chung often refused to listen to others and was unwavering in his demands. Although this often served his company well when he was the undisputed head of the organization, his recalcitrant attitude was often a source of friction between him, his colleagues, and his inferiors. As a result,

Chung frequently failed to create a synergistic work environment and command the complete dedication of his employees.

Figure 6: Analysis of Chung Ju-yung's Leadership

Strengths	
Agility	• Speed in production and services • Quick entry into opportune markets • Dedication to quality improvement
Benchmarking	• Learning from technology acquisition and poaching of foreign firms • Adhering to American practices of adhering to standards and regulations
Convergence	• Creative use of outside resources to provide solutions • Strong and synergistic mixing of activities
Dedication	• Unwavering diligence towards his goals and objectives
Weaknesses	
Convergence	• Lack of harmony due to his difficult and megalomaniacal personality
Dedication	• Frequent failure to command total dedication due to single-mindedness and abrasiveness

3.4 Application of the ABCD Model

In many ways, POSCO, Samsung, and Hyundai succeeded where they should have failed. This was in large part due to the strong business leadership of their founding CEOs. POSCO, Samsung, and Hyundai were able to venture into uncharted territory and take new routes beyond the ones prescribed by existing theories because of the strong leadership of their respective founders. Park Tae-jun, Lee Byung-chul, and Chung Ju-yung challenged the experts' expectations and succeeded in spite of obvious disadvantages, because they fully embodied specific traits as business leaders. When assessing the strengths in each CEOs business leadership, common patterns arise by application of the ABCD model.

First, all three leaders displayed quickness and accuracy in their business decisions and running of company activities. Park Tae-jun managed to inspire his workers to complete construction projects at an unprecedented rate, Lee Byung-chul quickly penetrated opportune markets without hesitation, and Chung Ju-yung showed an undying commitment to meeting delivery schedules on time. What's more impressive is that all three leaders managed to demonstrate speed without sacrificing quality. For example, there was no taking shortcuts under Park Tae-jun. He showed no qualms about restarting any faulty process, no matter how laborious. Similarly, Lee Byung-chul and Chung Ju-yung were dedicated to continuously improving their products and transforming Samsung and Hyundai from cheap mass-producers to high-quality brands.

Another common attribute is a commitment to learning. From their humble

beginnings to later prominence, Park, Lee, and Chung maintained an open mind and sought to acquire knowledge and technology from world-class leaders. Lee Byung-chul engaged in learning most of the early technology from the more experienced Japanese and Western firms. Even after Samsung accumulated significant market share, Lee never stopped visiting Japan and other countries for consulting with foreign industry and media experts. In the same vein, Park and Chung engaged heavily in foreign training programs and consultancies. All three companies also benefited heavily by having partnership with the established industry leaders within their respective fields to target and emulate. POSCO had an early partnership with Nippon Steel, Samsung followed after firms like Toshiba and NEC, and Hyundai worked with Ford and GM. Since all three companies were latecomers to their respective industries, they had much to gain from the experiences of earlier successful companies, and all three CEOs actively pursued learning to this end.

A third trait is the successful handling of diverse business activities. Park, Lee, and Chung all ventured into multiple business activities and demonstrated an ability to create synergy among them. When Park decided to enter into the energy industry in foreign countries, he also continued POSCO's steel production to supply the necessary materials for the construction of facilities. Chung demonstrated this ability when he made creative use of a ship to divert water currents for a dam project. Lee was also able to expand Samsung into a massive conglomerate by funding strategic businesses (e.g., semiconductor) with profits made from other cash-cow divisions, aiming to achieve sustainable growth.

The fourth and final leadership quality is dedication. All three leaders faced seemingly insurmountable odds and difficulties through much of their early careers. However, they had a clear vision in mind for the future of their companies and remained committed to realizing their ambitious goals. Lee Byung-chul made his audacious Tokyo Declaration to predict Samsung's future as the global leader in electronics, Park Tae-jun persisted in transforming an inhospitable area into his first steel plant, and Chung Ju-yung never relinquished his goal to transform Hyundai into a quality automobile brand. In all three cases, the leaders had clear and definitive objectives that were easy to understand. They then worked tirelessly to realize their goals and inspired their employees to do the same. In addition, the dedication of all the three leaders is accompanied by strong patriotism. They dedicated tremendous time and effort into their respective businesses at the cost of their own personal interests. Although this patriotic trait is underappreciated by Western scholars, it indeed played an important role for starting a business in the in the initial stage of Korea's economic development.

These four traits, commonly held by Park Tae-jun, Lee Byung-chul, and Chung Ju-yung, were defining factors in POSCO, Samsung, and Hyundai's success. With great challenges against them, these three Korean business leaders showed how their leadership qualities can turn crises into opportunities for corporate growth. Although these case studies can provide useful lessons for other business leaders and policy makers, their relevance extends beyond the firm level to all aspects of domestic and international competition.

Figure 7: ABCD Assessment of Business Leadership

	Leadership Traits	Case Study Examples
Agility		
Speed	Enforcing speed in business activities	• Park's rapid plant construction • Chung's project delivery ahead of others
	Fast and early entry into opportune markets	• Lee and Samsung's early expansion
Precision	Commitment to quality	• Park's refusal to allow shoddy construction • Chung's quality improvement drive
Benchmarking		
Learning	Acquiring existing technology as necessary	• All three leaders learning from foreign firms
	Drive for continuous improvement	• Lee's constant monitoring of Japanese market conditions and analysis
Best Practice	Striving and adapting to the best practice	• Park setting Nippon Steel as POSCO's target • Chung adopting to the best marketing strategies
Convergence		
Mixing	Mixing of diverse business activities	• Lee's early unrelated diversification
	Utilizing outside resources as necessary	• Chung's creative solutions at Sosan
Synergy-creation	Minimization of waste; focus on synergy	• Lee restructuring Samsung's activities • Lee's cross investment across "cash cows"
Dedication		
Diligence	"Never give up" attitude	• Chung's motto, "have you tried?" • Park defying early predictions of POSCO's failure • Lee's Tokyo Declaration
Goal-orientation	Motivating employees towards company objectives	• Park's use of nationalism • Lee's creation of productive work culture

CHAPTER FOUR

CONCLUSION

Previous studies of business leadership have failed to capture many of the important aspects of the ABCD model. The ABCD model demonstrates its comprehensiveness by incorporating valid points that individual scholars and theories have put forth independently. This paper has shown through an ABCD analysis of three business leaders the identifiable traits and strategies that have led to success in various fields. While Park Tae-jun, Lee Byung-chul, and Chung Ju-yung all possessed distinctive personalities and management styles they also commonly demonstrated agility, benchmarking, convergence, and dedication in a decision-making role.

Besides its merit as a holistic analytical tool, the ABCD model reveals important lessons that businessmen and policymakers from all countries can take advantage of. Despite the case studies in this paper being confined to Korea's development environment in the latter half of the 20th century, they possess universal values that can help one achieve competitive advantages in the present and future. Western business theories and examples have provided guiding principles for most of modern history, but they will increasingly fail to explain every strategy and decision in the current era of globalization. Accordingly, it is meaningful to complement Western theories with a fresh and uniquely Eastern perspective on business and leadership. To this end, the leadership analysis provided in this paper has potential for further application in other academic disciplines in the future.

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