

# Korean Cultural Heritage and Its Influence on Implementing Empowerment and Self-Directed Teams

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Despite its unprecedented economic growth rate in the past and its present global economic status, South Korea's blue-collar workers' job satisfaction level and productivity are ranked as the lowest among OECD countries. This phenomenon became a critical obstacle for the mid- and long-term development of Korean manufacturing companies. Empowerment and the used of self-directed teams are critical necessities for the increase of employee satisfaction and productivity as well as for the corporate development. This paper, based on the case comparison of real-life experience of the author both in American and in Korean companies, describes why the empowerment and self-directed teams are difficult to be implemented in South Korea. Furthermore, this paper also describes how one can overcome the obstacles in South Korean firms.

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## I. Introduction

There have been numerous studies on how Korea has achieved its remarkable record of high and sustained economic growth. In these analyses a number of factors, including high savings and investment ratios, a well-educated labor force and well-directed export-oriented development strategies have been cited as primarily responsible for the Korean success. Despite the degree of international attention to Korea's fast economic growth, Korea's unremarkable achievement in the field of

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human relations management, particularly for the blue-collar workers, drew very little attention. One of the most surprising characteristics of Korean human resources development is that the nation has accumulated a stock of highly school educated white-collar work-force at an unprecedented rate but, many of its blue-collar workers continue to experience very little training or education on different management practices and concepts, and their skill sets lag behind the workers from other industrialized nations. This polarization of education standard has a domino effect in the manufacturing sectors that ultimately causes inefficiencies that result in lost productivity and poor employee morale: poor training → knowledge starvation → poor work skill → lack of innovation → inefficient practices → poor business results → poor company morale.

Although many firms in the industrialized nations, such as Toyota of Japan and Harley Davidson of the United States, have successfully adopted different form of empowerment concept as basis to improve productivity and employee morale in their manufacturing plants, Korea saw very limited success in implementing this concept in their plants. This paper argues that this failure is a direct result of the prejudice that exists in Korean society on how it views white-collar versus blue-collar jobs, and that there are evidences to support that this prejudice is directly influenced by the cultural and religious upbringing of Korean people.

This paper will first argue that this stigma toward blue-collar jobs can be traced to Korean cultural heritage, which is deeply rooted in Confucian beliefs. The paper will

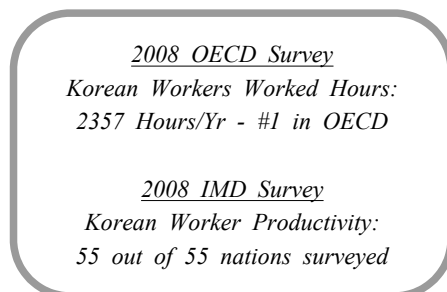


Figure 1. Recent survey results and the place of South Korean workers.

also argue that this cultural heritage heavily influences the formation of values and beliefs of Korean people, and these values and beliefs dictate how management and worker relationships are developed in Korean firms. Next, it analyzes the creation of Chaebol and ‘power elite’ cultures in Korea during its rapid industrialization from 1960s to 1970’s, and what effect they have had in developing current business norms and management culture in Korea. Finally, the paper discusses the impact of Korea’s human resources development policies and how it prejudices against blue-collar jobs. The paper concludes by comparing two empowerment case studies in the US and in Korea to explore the differences on how self-directed teams are developed in both countries to offer ways to overcome cultural and religious barriers to make the empowerment process work in Korea.

## II. Transferability of High Performance Work Systems across Cultural Boundaries

A rapidly integrating global economy, technological developments, and shifting consumer preferences are together resulting in intense competition between firms. Consequently, firms are forced to revise their strategies, structures and work practices in order to stay competitive. They are seeking ways to enhance the flexibility of their business processes as well as their responsiveness in relationships with clients and other firms. While in the past, organizational change was undertaken mostly by firms exposed to international competition, larger enterprises, and those in manufacturing, new work approaches are now being implemented across countries, sectors and firms of all sizes.

Organizational change is not new. Since the 1950s, many novel approaches to work organization have emerged including the Japanese lean production models of the 1960-70s, the socio-technical approach associated with the Nordic countries, American human resource management techniques, the German consensus-based model involving

work councils, and the collaborative network or cluster model exemplified by Italian firms at regional level. Other approaches include quality management and business re-engineering, while more recently emphasis has turned to managing customer relations and the knowledge base of firms.

Telecommunications technologies such as internet, e-mail, telephone, and fax have become ubiquitous in the workplace. These technologies have helped the regional companies become truly global. These technologies have helped overcome distances and enabled the creation of multinational, geographically-dispersed teams, thereby considerably increasing the speed of development and implementation of empowerment process around the world. Along this shift to globalization, the transferability of these practices across countries has been questioned and studied. At the core of this issue is whether this mostly Western empowerment process can be effectively transferred and implemented across cultural boundaries to firms in Asian countries, such as Korea.

Survey conducted by Sparrow, Schuler, and Jackson (1994) concluded that while the importance of human resource management is increasingly acknowledged across countries, which management practice is most effective for developing competitive advantage in manufacturing, differs based on host country's culture, organizational structure, performance management systems, resourcing, and communication and top management sponsorship.

According to Bae and Lawler (2000), some companies in Korea, especially in high tech sector, have successfully adopted some form of high involvement work practices; however, the country's manufacturing sector saw very little or limited success in implementing self-directed work practice concept. Why these processes are more readily accepted in high tech sectors and received with suspicion in low tech manufacturing plants in Korea? Is Korean cultural heritage detrimental to the implementation of empowerment process in manufacturing firms?

### III. Barriers to Empowerment

According to the McKenzie Management Consulting, 'empowerment' can only succeed in an environment where the desire for empowerment is greater than the desire for power. The empowerment process is heavily dependant on the leader's ability to coach and facilitate the employees to a higher level of ability and autonomy by sharing with them four organizational ingredients: knowledge, information, power and reward. Because many managers view knowledge and information as the source of their power, they are reluctant to share these elements with their frontline employees. In a top-down, more vertically integrated managerial hierarchy that is prevalent in Korean firms, this transfer of power is the single most difficult obstacle to overcome in implementing empowerment. Since knowledge, understanding, skill and motivation levels of the employees dictate the level of empowerment at any given time, many Korean firms fail in the early stage of empowerment process.

The other major obstacle to empowerment process in Korea is the workers themselves. Empowerment is the process of enabling or authorizing an individual to think, behaves, take action, and control work and decision making in autonomous ways. It is the state of feeling self-empowered to take control of one's own destiny. It is not something that can be delegated or somebody can bestow because it comes from individual and self direction. This basic concept of empowerment is lost in majority of Korean blue-collar workers because they expect it as a delegation process instead of initiating and ongoing process in which an individual enabling himself to take action and control work and decision-making in autonomous ways without the management supervision.

Today, many Korean managers are schooled in the West and are well versed in different empowerment concept. Most Korean firms also have management credos that outline employee involvement as means by which they want to achieve competitive edge over other companies. These companies will tell you that their employees are

their most valued assets and that they want their employees involved in running the business. In reality, what's being displayed and what's being practiced out on the shop floor is oceans apart. Empowerment means that management recognizes his ability and provides employees with authority and tools required to continuously improve the process. In many manufacturing plants in Korea, shop floor workers are still viewed as unskilled workers who are incapable of understanding what they are doing without the management intervention.

This subjugation view of blue-collar workers by the management is more severe in Korean firms than in other companies in Western or more advanced industrialized nations because of Korea's unique cultural, religious and historical backgrounds. In next several sections of this paper, we will attempt to dissect these unique backgrounds to understand what effects they have on the development of empowerment process in Korea, and offer some solutions to overcome those obstacles.

#### IV. Influence of Cultural and Religious Heritage

Confucianism places heavy emphasis on education and building harmonious relationships (Song, 1990; Chang & Chang, 1994). According to Chang and Chang, while Confucianism encourages people to pursue careers that require higher education, it discourages people to engage in commerce and manufacturing jobs. This value system is still deeply rooted in Korean minds. In an occupational study in 1978, Kim (1993) found that survey respondents placed white collar workers, such as, government officials, professors, and lawyers at the top of the social status scale, while blue collar jobs in manufacturing ranked at the bottom of the scale. This lower social status can be symbolized by Korean slang words for factory workers: '공돌이 (gong-do-ri).' This perception of lower status for manufacturing jobs discourages talented young people to seek positions in manufacturing sectors. As a result, many Korean manufacturing firms are forced to hire older, less skilled and less qualified managers to manage their shop

floor workers. These managers very often display behaviors that parallel Frederick Taylor's scientific management style of inflexibility, and are resistant to changes required by the empowerment process.

The prevalence of these authoritarian and paternalistic values in Korean society plays an important role on how relations are developed and managed in workplaces. These unspoken values do not fit well into the ideologies of empowerment where workers are expected to be more independent and autonomous in their decision making process. Empowerment is not a gift bestowed by a benevolent leader. The job of the leader is to release power that is, to remove the barriers that keep employees from acting with power. Empowerment requires a partnership, not paternalistic relationship, between managers and workers. Although many Korean managers still believe that harmonious relationship with their subordinates can be created by 'father-son' like governance, there seems to be less of harmony between workers and the managers in the workplaces in Korea than in other industrialized nations.

An employee satisfaction survey conducted by the online employment website [www.saramin.co.kr](http://www.saramin.co.kr) on August 10, 2006, discovered that out of 726 people who were surveyed, 68.6% did not like their current job. The top five reasons for this job dissatisfaction were the bad working condition (42.8%), followed by lack of vision (29.1%), incompatible corporate culture (28.7%), incompatible job assignment (20.3%), and too much workload (20.3%). A similar survey conducted by Job Korea from September 4 to September 15, 2006 found that out of 1,203 respondents, 41.1% of the people cited work and work life to be the leading cause for stress in their life( see Table 1). With so much emphasis on building harmonious relationships in Korean society, why then do these survey results indicate that so many Korean workers are unhappy and stressed over their current jobs? Is building harmony in the workplace enough to keep people happy and satisfied about their work-life? Are there other human needs that Korean firms are failing to provide?

According to Abraham Maslow (1970)'s hierarchy of needs, an individual is ready to act upon the growth needs if and only deficiency needs are met. Maslow's concept

Table 1. Job Korea — What are the things that cause you the most stress in life?

Category	Korea		China	
	# People	%	# People	%
Work & Work Life	495	41.1%	327	31.5%
Health	30	2.5%	38	3.7%
Marriage	60	5.0%	58	5.6%
Family	36	3.0%	47	4.5%
Economic Stability	255	21.2%	283	27.3%
Personal Incompetence	189	15.7%	120	11.6%
Relationship with Neighbors	84	7.0%	62	6.0%
House Ownership	24	2.0%	102	9.8%
Misc.	30	2.5%	0	0.0%
Total	1,203	100.0%	1,037	100.0%

of self-actualization relates directly to the present day challenges and opportunities for Korean employers and organizations—to provide real meaning, purpose and true personal development for their employees. Maslow saw these issues fifty years ago: the fact that employees have a basic human need and a right to strive for self-actualization, just as much as the corporate directors and owners do. The best modern employers and organizations are beginning to learn at last: that sustainable relationship between the employers and their workers is built on a serious and compassionate commitment to helping workers identify, pursue and reach their own personal unique potential. When people grow as people, they automatically become more effective and valuable as employees.

Although Confucianism-based value system emphasizes harmonious relationship, the authoritarian and paternalistic views re-enforce separation of classes based on education, job titles, wealth, etc. This value system prejudices against blue-collar workers who are the foundation of which empowerment is based in manufacturing firms. The values taught by Confucianism conflicts with the independent thinking and bottom up decision making process that is necessary for the empowerment process to work. Korean firms must realize that harmony is created through true partnership



between the labor and the management, and it can be only achieved when the basis of 'harmonious relationship' is accepted by both the workers and those who are managing them as mutually beneficial.

## V. Influence of Chaebol and Elite Culture Management Practices

The driving force behind the Korean economic policy was the chaebol, a uniquely Korean business organization (Gul & Kealey, 1999, 401). The chaebol are large, diversified family-run companies with extensive networks of subsidiaries and political connections (Gul & Kealey, 1999, 406; Chang & Chang, 1994, 37-43). Because these businesses were nurtured and protected by the government by providing low interest loans, favorable exchange rates, direct subsidies, and market entry protection, they have survived and expanded without much competitive pressure and without the skills of professional management.

This Chaebol model, coupled with a rigid hierarchical structure, demanded personal loyalty from employees, and endowed the owner with monopoly power that placed the entire organization at the whim of a single individual. This dictatorial approach to work worked well with their top-down authoritarian management hierarchy during Korea's rapid expansion from 1960's to 1970's but, it produced many disgruntled employees and militant unions. By "specifying not only what is to be done but how it is done and the exact time allowed for doing it," many firms suppressed individual workers to excel or think (Kanigel, 1997). This practice also brought undesirable side effect between the workers and employers of 'us' and 'them' separation when they tried to find a common ground between the working and managing classes to achieve company goals. Since alignment of vision and mission is critical to the success of the empowerment process, this separation often resulted in failure of empowerment process in its infancy.

From 1961 to 1987 Korean managers enjoyed the luxury of having workers of high

quality willing to work long hours at wages much lower than in developed and many developing countries, without serious labor protest. When labor difficulties arose, Korean company officials could count on government officials who, backed by laws that deprived labor of virtually any legal means of protest, could arrest or physically intimidate workers who disrupted business activities. These oppressive and suppressive management practices eventually caused the labor movement to grow stronger from 1980s to 1990s that resulted in many violent protests and street riots. Today, Korean labor union is considered to be the most militant and uncooperative in the world by many foreign companies operating in Korea. Since the union plays critical role in determining the relationship between the workers and managers, this strained relationship between the labor and businesses made implementing empowerment process more difficult in Korea.

While working with the labor union is difficult, there are examples of companies that have successfully implemented empowerment in their companies by working with the union. Harley Davidson Company in the US, for example, has discovered that

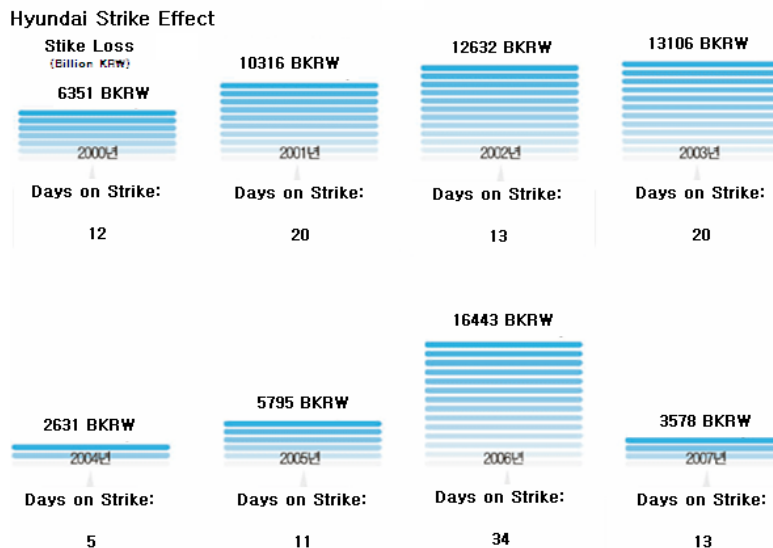


Figure 2. Hyundai Strike Effect.

allowing unions true participation in all aspects of running a plant provides powerful lubricant for reducing costs, boosting productivity and ultimately improving its employees morale by providing better employee involvement. Korean companies must recognize that hiring good people and making full use of their ingenuity and intellect is the true promise of the “knowledge economy.” “We expect more than just their hands,” said Harold Scott, Harley’s head of human resources. “You got to have people who want to contribute and then train them to do it.”

Many Korean companies—including the embattled automakers such as Hyundai Motor Company—have tried to institute the team-based production system pioneered by Japan’s Toyota Motor Corp. But the efforts of these companies have foundered on the shoals of bureaucracy, mutual distrust and fear of anything new. As outlined in the

Table 2. Comparison of Toyota and Hyundai Corporate Culture

Aspects	Toyota	Hyundai
Corporate Governance Structure	Corporate or network capitalism	Industrial groups, controls by owner
Separation of Ownership and Management	Separated No major individual shareholders	Not separated Owner-manager (Chairman) Family ownership and control
Power Structure and Decision-making Process	Control power Institutionalized collective decision-making	Control power concentrated in the chairman of owner-manager Owner-manager’s personal decision-making with the help from central planning team
Employment Policy	Seniority system Lifetime employment system	Seniority system with partial mixture of merit system Free and common job-hopping
Human Relationship Aspects	Informal relationship Egalitarian basics	Informal relationship Hierarchal structure b/w white collar and blue collar
Class Conflict	Absence of manifest class conflict Mutual trust in the sense with common fate	Prevalence of class conflicts Feeling of relative deprivation Mutual distrust b/w labor & employers

Table 2, there are significant differences between Toyota and Hyundai corporate culture that form barriers to the empowerment process. Toyota has paid careful attention to bottom-up communication pattern, achieving mutual feedback communication and information sharing, while Hyundai's management style in general is more authoritarian and top-down hierarchical. The ownership structure of Hyundai played a critical role in determining the corporate culture and their organizational structure. Whereas Toyota ownership and management is separated, Hyundai is still very much family owned and managed with the management control at the owner level.

The comparison of corporate cultures of HMC and Toyota revealed that Korean corporate culture is currently disintegrating, while its Japanese equivalent seems to be stable, boasting great cohesiveness and employee loyalty and motivation. From a human resources perspective, employees of HMC at the individual level are comparable to employees of Toyota in terms of both ability and motivation. The difference lies in which each company manages its human capital.

According to Chan Sup Chang and Nahn Joo Chang in their book titled *The Korean Management System*, the leadership style in the Korean management system in general is authoritarian and paternalistic. However, there is no father-son type of relationship between a superior and his subordinates in South Korea as there still is in Japan. A manager is a superior, but he does not play a father role to his subordinates, and a subordinate in turn rejects any consideration of himself playing the role of a son to his superiors. This difference in relationship between manager and his subordinates often creates blind obedience based on fear and intimidation in Korean firms. For empowerment to work effectively there must be transfer of power and delegation of authority from management to the workers. Korean managers must learn to transition from autocratic behaviors to more inclusive style of management for the empowerment to gain a foothold in Korea.

## VI. Influence of Korean Human Resources Development Policies

In December of 2007, Ahn Gook Kim of Korea Research Institute for Vocational and Educational Training, published a report titled, ‘Relationship between Human Relations Development and the Financial Performance of Korean Firms.’ According to the report, there is a direct correlation between how much capital companies spend on human resources development and the level of financial improvements achieved by these companies (see Figure 3). His study showed that one point increase in the human resource development index (HRDI) resulted in 520 KKRW increase in sales revenue and 65 KKRW in corporate profit per person as shown below in Figures 4

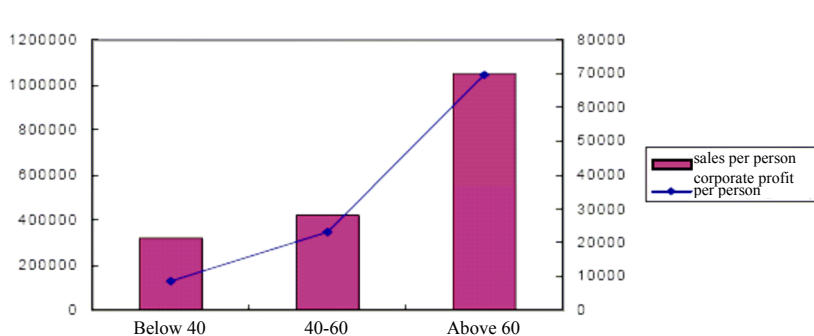


Figure 3. HRI Index vs. Corporate Revenue and Profit

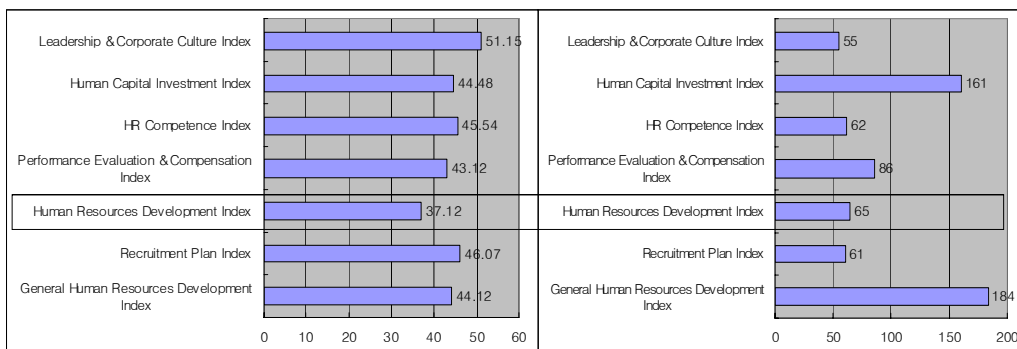


Figure 4. Human Resource Development Index. Figure 5. 1 Pt Increase in HRDI vs. Profit Increase.

and 5. The report also points out that to make this one point improvement in HRDI, the companies need to invest 16.8 KKRW per person in human resources development. This translates to 387% return on investment!

There are number of other studies, such as Black and Lynch, 1996; Bartel and Sicherman, 1998, that also validate that there exist direct correlations between human resources development and corporate profit. With so much abundance of data to indicate that a small investment in human capital will have a larger impact in firm's sales revenue and profit, why do then Korean firms still fail to make necessary improvements in their human resources development policies?

From January 4 to January 8, 2006, Korea Chamber of Commerce conducted a survey to find out whether there exists any prejudice against manufacturing workers in Korea (see Table 3). The survey found that out of 1,000 people surveyed, 70.5% blue-collar workers felt that there is societal prejudice toward blue-collar jobs in Korea. 65.5% of factory office workers also felt that this prejudice is prevalent in Korea. The respondents also felt that prejudice was slightly more severe toward female workers, and for those workers who work at smaller firms with the employment size less than 300 people.

This social distinction based on the educational level of people not only creates prejudice for blue-collar workers in Korea but, it also deprives them of opportunities

Table 3. Korea Chamber of Commerce Survey: Prejudice toward manufacturing jobs?

Category		Strong Yes	Moderate Yes	Moderate No	Strong No	Not Sure	Total (%)
Total		21.6	47.5	24.0	5.9	1.0	100
Job Type	Mfg Workers	22.9	47.6	22.8	5.5	1.2	100
	Office Workers	18.2	47.3	27.3	6.9	0.3	100
Gender	Male	21.1	47.3	24.0	6.7	0.9	100
	Female	22.9	48.1	24.0	3.9	1.1	100
Size	< 300 Emp	21.8	47.6	24.0	5.6	1.0	100
	> 300 Emp	20.2	47.1	24.4	8.3	0.0	100

for personal growth through better training and education. A survey conducted by Korean Labor Institute in 2006 demonstrates that this polarization of education standards between white and blue-collar workers is a serious problem in Korea. Out of 1,450 respondents, the survey found that only 22.3% of the blue-collar workers actually receive some form of technical training to improve their job skills at work. Of those surveyed, only 16.2% had permanent employment status and 46.3% of them had less than 1 year seniority at the current job. The majority (66.7%) of these blue-collar workers had less than high school education, and 57% of them earned less than \$1,700 per month in salary. This combination of low personal development opportunities, low income, and low job security results in poor employee morale that ultimately results in low worker productivity. According to the productivity survey conducted by the International Labor Organization in 2007, Korean workers on average worked 2,357 hours per year but, their labor productivity (per hour worked) was only at around 68% of the United States. The results mean that Korean workers spent more hours at work than any other workers among the 30 OECD nations but, their productivity ranked the lowest among the 55 nations surveyed.

For empowerment to gain foothold in Korea, this prejudice toward blue-collar jobs must be eliminated. Korea must follow the leads of other industrialized nations, such as Japan, to adopt human resources development policies that promote both the personal development and growth opportunities for its workers. This in turn will create a cycle of improvements that will ultimately result in improvements in worker productivity and his royalty to the company.

Toyota of Japan, for example, views their manufacturing as the heart of their businesses and spends millions of dollars each year to provide training to upgrade the skills of their blue-collar workers through their Centers of Manufacturing Excellence around the world. Because many Korean firms still view their blue-collar workers as fixed assets that require depreciation each year, rather than potential talent pool that can be fully unleashed through training and development, the factory workers seldom get promoted beyond their current skill level. One of the most critical aspects of the

empowerment process is knowledge transfer. Without the enhanced learning capabilities of its blue-collar workers, Korea will continue to struggle in implementing empowerment process.

## VII. Case Studies

### 1. Case #1: Lear Montgomery Seating Plant

In 2003, Lear Corporation built a state-of-the-art seating plant in Montgomery, Alabama in the US to supply seats to the nearby Hyundai assembly plant. The plant was an experimental project launched by Lear to implement self-directed team concept with an emphasis on Lean Manufacturing System. The second author of this paper was recruited by Lear to lead the project.

To implement this vision, a management team was formed with 60% split between externally hired managers with 40% Lear internally transferred managers. The company did not want traditional Lear management concept to influence the development of this new self-directed workgroup concept. To further distinguish this new Lear Montgomery Plant (LMGM) organization from other traditional Lear organizations, the layers of managers were removed from the organizational structure to make it more flat.

Traditional supervisors were removed from the system and replaced with Team Advisors who were Six Sigma Black Belt trained to deal with complex manufacturing issues. Mid-level managers were called Team Coaches and they were primarily responsible for developing and training teams on team dynamics, such as conflict resolution and team facilitation. The senior managers were called Team Sponsors and they were primarily responsible for establishing and reviewing team goals and providing direction. The Sponsors were also responsible for monitoring team behaviors and executing disciplinary measures as necessary.



In addition to hiring, training and developing employees for self-directed team concept, the management team was also tasked with finding and developing hardware and software IT enablers so that production teams can make sound decisions based on instantaneous manufacturing data. Some of these technology included quality feedback system, production data mining ERP software, and access to PeopleSoft System for Human Resources data.

The process of developing people and the technology support system took almost three years to implement and required extensive research and planning. The management team worked through ‘A3 Catch-ball’ consensus decision making process to develop ‘Team Development Model’ to outline all aspects of team development process. The process of consensus decision making process was utilized whenever possible to create ownership and partnership throughout the empowerment journey.

By 2006, the plant launched successfully with a full scope of self-directed teams managing the shop floor. The success of Lear Montgomery Plant was recognized by ‘The Assembly Magazine’ as the Plant of the Year in 2006 (see article [http://www.assemblymag.com/CDA/Archives/908443a832a8e010VgnVCM100000f932a8c0\\_\\_\\_\\_\\_](http://www.assemblymag.com/CDA/Archives/908443a832a8e010VgnVCM100000f932a8c0_____)). For all its achievements, Hyundai chose Lear plant to host two supplier seminars in 2004 and 2005 so their other suppliers can benchmark Lear’s production and people systems. The plant also had numerous visits from Hyundai executives, including Chairman Chung Mong Goo, and was selected by Hyundai to receive JD Powers assessment for quality standards in 2005.

## 2. Case #2: Autoliv Airbag and Seatbelt Plant

On January of 2006, Mr. Sung-Min Lee, the second author of this paper, was recruited by Autoliv to head their operations in Korea as the country manager. Autoliv Korea operation was growing at a remarkably fast pace and they wanted to establish stable manufacturing system to support its growth. Mr. Lee was tasked to implement Autoliv Production System (APS), which was essentially replication of Toyota

Production System, with a full scope of autonomous workgroups to support the Lean Production System.

Because Autoliv was an existing operation, the scope of changes necessary to implement self-directed teams was more difficult and costly. Unlike Lear, Autoliv also had pre-defined team structure that was developed through APS process, and it was up to the regions to replicate them in their organizations. Since the team development process was a corporate directive and was mostly based on European standards, there was much resistance from the local management team. Also, the corporate directed team structure required major changes in the local organizational structure as well as the plant and office layouts, and the process was not readily executable. Whereas Lear local management team had ownership in the team development process, Autoliv local management felt that this was just another corporate initiative without any considerations for local culture.

To overcome this resistance, the management team in Korea decided to focus on hardware side of APS to create some success stories first. The companies rolled out in different phases the workgroup boards with team performance targets and ways to measure and recognize success. It was followed by employee suggestion programs that were closely linked to the performance incentive programs. Other visual displays demonstrating success stories were posted throughout the plant to encourage employee participation. The mechanics of JIT and TPM processes were added gradually to increase employee engagement.

At the start of the implementation phase, the Korea operation was ranked near the bottom in APS assessment ranking in Asia with 63 points out of 100 maximum points. By October of 2007, Korea ranked #1 in Asia, and was closing fast on the global leading assessment ranking of 84 points by achieving 82 points. By this time, the company was semi-successful in rolling out autonomous workgroups to lead its production systems. The workgroups were responsible for setting, executing and monitoring their own production goals and were tasked with implementing projects to achieve those goals. In December of 2006, the shop floor teams established very

aggressive annual targets for 2007 and achieved 100% of those goals by June of 2007. By achieving these productivity improvements, the company was able to reduce its manufacturing head counts by more than 80 people in two years through natural attrition and hiring freeze.

In 2007, the company was recognized by Hyundai Motor Company as the Supplier-of-the-Year for “Innovative Management Practices.” The company was also selected by Renault-Samsung Motors and Korea Productivity Center (한국 생산성본부) as the benchmark company for Lean Production System. Also in 2007, Korea Daily Economic News (매경) selected the company as the most innovative company among the automotive supplier sector for its management practices. Additionally, the company received an award in 2007 from the Minister of Labor for the best labor-management relationship in Korea.

### 3. Case Study Synopsis

Both Lear and Autoliv achieved remarkable improvements in productivity, cost, quality, and employee morale by embracing the empowerment process. Although the empowerment process yielded similar team structure and the level of workgroup autonomy achieved as shown in Table 4, the implementation process was significantly different for both companies. Some of the major differences in the implementation process are summarized in Table 5.

Clearly, the cultural upbringing of both Lear and Autoliv employees had significant impact on the level of autonomy achieved by the teams. While American workers believed that individuals are the most important aspect in human relationships, Korean people felt that the harmonious communal relationship was more critical. This greater emphasis on individualism in the United States enabled the Lear workers to think more independently, and develop *laissez-faire* attitude toward the management intervention in achieving workgroup autonomy. In addition, this liberal trend has reflected in team discipline practices in developing more humane and democratic

Table 4. Differences in Team Formation Process

Lear Unique Implementation Process	Autoliv Unique Implementation Process
<ol style="list-style-type: none"> <li>1. The management team was involved from the start in developing the Self-directed Team Development Model and had ownership in the process.</li> <li>2. Monetary incentive was not as critical to the teams as the autonomy to manage their own work.</li> <li>3. Pride in the company was important. Many employees were seen wearing their uniforms outside of their work.</li> <li>4. "Storming" phase of the team formation was very stormy with a lot of management intervention and facilitation.</li> <li>5. Coaching and mentoring relationship developed between managers and teams.</li> <li>6. Managers were at first forced to change and adopt but, once teams started performing they saw how much easier their jobs became.</li> <li>7. Peer pressure was more direct and played critical role in developing team dynamics and achieving team goals. Team performance correction cycle was short but, required some management support.</li> <li>8. Teams were hungry for responsibility and wanted more decision making authority.</li> <li>9. There was an extensive and difficult pre-employment selection and training process to purposely create "team pride" in joining the company.</li> <li>10. Team leaders were nominated and elected to 6 month terms. They received additional training and incremental pay for the additional responsibilities.</li> <li>11. Teams were held responsible for team budgets, absenteeism, scheduling vacations, and productivity targets. Teams were allowed to spend their excess budget for team events.</li> <li>12. Team members had minimum high school education and some had college degrees.</li> </ol>	<ol style="list-style-type: none"> <li>1. The self-directed team development model was corporate initiative and the local management team had minimal input into the process.</li> <li>2. What's in it for me was more critical than the autonomy. Wanted more money and more incentive programs.</li> <li>3. Company loyalty was not as critical. Employees almost never wore uniforms outside of work.</li> <li>4. Teams were formed without major incidents. Many felt directed and team dynamics were not as vigorous.</li> <li>5. Manager and team interaction was still hierarchical by mutual consensus.</li> <li>6. Managers had difficult time relinquishing power and wanted "control" and teams were fearful of resisting control.</li> <li>7. Peer pressure was more indirect and people did not want to hurt feelings or make others lose face. Performance correction cycle was long and often required management intervention.</li> <li>8. Teams were more subdued and saw more authority as more work. Were often fearful of making decisions.</li> <li>9. Workers consisted of 40/60 split between permanent and outsourced company employees. Had to equalize pay and benefits to acceptable level to create ownership. Permanent workers did not like this equalization in pay and benefits.</li> <li>10. Team leaders were selected and promoted permanently based on seniority and received some additional training.</li> <li>11. Teams were responsible for productivity targets and received monthly recognition for team performance. Teams competed for "Gold, Silver and Bronze" stars based on team performance to targets.</li> <li>12. Mostly high school education with some less than high school level education. No college degrees.</li> </ol>

behavior management strategies than simply in enforcing authoritarian leaderships.

It was also evident that American workers were hungry for authority and were active participants in transfer of knowledge, information and power from their

Table 5. Team Development Model Comparison Chart Lear vs. Autoliv

Level of Empowerment	Lear	Autoliv
Level of Autonomy	Full	Semi
- Supervisors	No	Yes
- Team Leaders	Yes	Yes
- Production Planning	Yes	Yes
- KPI Matrix	Yes	Yes
- Rotate Jobs	Yes	Yes
- Manage Budget	Yes	No
- Vacation Planning	Yes	No
- Performance Bonus	No	Yes
- Team Leaders Selection	Election (rotate 6 months)	Promotion (permanent)
- Team Discipline	Semi (Team/Mgmt)	No (management)
- Team Training	Job certification	Job certification
- Problem Solving	Six sigma & 8D driven	8D driven
- Pre-employment Training/Selection	Yes - extensive	No
- Team Recognition	Monthly, Quarterly, Yearly	Monthly, Quarterly, Yearly
- Suggestion Program	No (in process of developing)	Yes
- Autonomous Maintenance	Yes	Yes
- Communication	Workgroup boards	Workgroup boards
Management Layer	4	6
Labor Union	No	No
Production Methodology	Synchronous line	Cellular
Empowerment Implementation	Greenfield start-up	Brownfield start-up
Production System	Lean manufacturing system	Lean manufacturing system
IT Enablers	Yes, some	No

managers. In contrast, the Korean workers were passive participants in the transfer process and were more concerned about how they were being perceived by their peers and superiors (눈치보기). Clearly, many American workers felt they were equal partners in the empowerment process, whereas, Korean workers viewed themselves as subordinates to their old bosses and wanted to be viewed as reluctant recipients in the process.

The level of education and training also played a key role in the knowledge transfer

process. Since most of the Lear workers went through extensive pre-employment screening process using DDI developed tests to determine their learning capability, they were more readily trainable of the fundamentals of the team dynamics. Similar pre-screening process utilizing talent management and leadership assessment tools are used by many companies, such as Toyota, Phillips and Pratt & Whitney, to pre-screen their employees to see whether they can successfully adept to the self-directed team environments. Since Korean workers were exposed to minimal team fundamentals training, it was difficult for them to overcome the stiff learning curve to meet the needs of the empowerment training.

For both Lear and Autoliv, there was significant management resistance to changes. Managers were not familiar with the empowerment process and this fear of unknown made them cautious to share their authority with the shop floor workers. The significant difference between American and Korean managers was that American managers were more vocal in their resistance, while Korean managers were more polite in their way of saying “no.” The Korean managers will say “we will try” but, in reality, they were saying “it will not work here.” When finally confronted, the Korean managers will say that “the process does not fit well with the Korean culture and people will not accept it.” Where American managers did not view culture as a barrier, Korean managers felt that it played a significant role in transferring of knowledge, information and authority to their shop floor workers. As discussed in Section III of this paper, the Korean managers were more concerned about not disturbing the harmony between management and workers, and many felt that maintaining the traditional hierarchical organization structure was the best way to do business within Korean culture.

To overcome the resistance from the American managers, the shop floor supervisors and managers were ordered off the production floor, and were instructed to return only when requested by the workgroups for assistance or support. This curfew lasted for approximately three weeks and the end result was astounding. Because the workgroups wanted to prove to the management team that they are more than capable to decide

their own destiny, the productivity sky rocketed and the quality almost went down to zero PPM. Once the managers realized that workers, whom they interviewed, hired, trained and nurtured, had matured and were performing to beyond their wildest expectations, they became true believers of the empowerment process. To further eliminate manager resistance, all supervisors were trained and certified as Six Sigma Black belts and were assigned as team advisors to help workgroups solve chronic and complex production issues.

Overcoming the resistance from the Korean managers was more difficult. Because the shop floor workers did not have adequate training on empowerment to achieve autonomy, they still relied on managers for day-to-day decisions. To make the empowerment process work, the teams had to be trained on various problem solving techniques, team facilitation and conflict resolution skills, and simple management techniques.

Since Lear Alabama was a Greenfield launch, the plant had the luxury of training the managers first on the basics of empowerment. Later, each manager was trained as a subject matter expert on different subjects, such as team facilitation skills, conflict resolution skills, basic math, basic English, basic Six Sigma, basic Lean Manufacturing Concepts, etc., and were delegated to hold training sessions for all workgroups. This process created ownership among the managers and helped to strengthen the relationship between the workgroups and the managers. Korea was missing this critical link between the managers and the workers to foster trust between the two groups.

To build trust between two groups at Autoliv, a third party training firm was contracted to provide basic team building training to the production managers and all shop floor workers. The classes were intentionally setup so that managers and shop floor workers had to attend the sessions together. To soften worker to manager relationship, the classes were held offsite, away from the production environment. This process eventually resulted in some level of confidence in the managers of the abilities and capabilities of the shop floor workers to manage their own work. Gradually, the managers begin transferring some authority to the shop floor leaders. Again the end

results were just as astounding as the results achieved by the Lear workgroups.

In November 2006, the shop floor leaders approached Mr. Sung-Min Lee to ask for a funding to hold a workshop so they can establish 2007 production targets. The request was granted. In December 2006, all shop floor workers participated in a workshop to set their own production targets for 2007. These targets were subsequently reviewed with Mr. Sung-Min Lee but, were rejected by Mr. Lee because he thought that they were too aggressive and were not achievable. However, all shop floor leaders felt comfortable with these targets and wanted to stay the course. Mr. Lee relented. By June of 2007, every workgroups exceeded their annual targets, and held mid-year workshop to reset their 2007 production goals.

However remarkable the results produced by these two different empowered groups, there are still much more hidden potentials that can be realized by pushing the empowerment envelop further. To fully execute self-directed teams, not only the managers but the workers themselves must accept the responsibility of transformation. Whereas American workers were hungry for the power provided by this autonomy nurtured through the empowerment process, the Korean workers were more passive participants in the transformation process. Most were expecting the power to be delegated by their superiors. Again, this is a symptom of their cultural heritage and it must be overcome through better training and education to truly make the empowerment process work in Korea.

Through education and through their Christian upbringing, the American blue-collar workers view themselves as equal in society, whereas, there is still too much stigma and prejudice in Korean society toward its blue-collar workers. This subjugation process of holding down the working class in Korea will continue to erode the relationship between the labor and the management. The violent street protests and extended plant shutdowns do to hostile labor strikes will continue as long as both the managed and managers don't recognize that the empowerment changes are not only necessary but, it must be embraced by both groups for their company to stay competitive in the global economy.



## VIII. Concluding Remarks

Every culture has unique strengths and weaknesses. Hence, empowerment process failure cannot be attributed solely to cultural failings. Instead it is generally attributable to the inability of the businesses and its leaders to build on the strengths found in the culture. It is largely up to enlightened leaders to devise appropriate policies that make the culture's strengths productive and weaknesses irrelevant. Therefore, the determining factor of whether or not empowerment is transferable across cultural boundaries is not the culture itself, but people's will to overcome any social deficiencies and weaknesses.

Empowerment is one of the most effective ways of enabling employees at all levels to use their creative abilities to improve the performance of the organization they work for, and the quality of their own working life. Companies around the world have been forced to face the harsh reality that management cannot bestow empowerment any more than it can bestow self-esteem. Instead it must create an environment that allows employees to become empowered on their own cognition. All management systems strive to enhance the performance of organizations in the most effective way to achieve organizations' goals. The Korean management system shares with other management systems in this regard; however, with ever increasing labor strife and deteriorating job satisfaction rates among its workers, Korea can no longer rely on traditional management practices to manage their global economic expansion. They must adopt more inclusive management practices to unleash all their vast human capital, including its blue-collar workers that brought them from the ruins of Korean War to the 'Miracle on Han River.'

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## 임파워먼트와 자율경영팀 도입이 한국에서 어려운 이유와 그 극복방안

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이 성 민\*\*

한국의 놀라운 경제발전 속도나 세계적 경제위상의 정도에 비하여 제조업체 현장 근로자들의 생산성과 직무만족은 OECD 국가들 중 최하위에 속한다. 이러한 현상은 중·장기적으로 한국 기업의 성장에 큰 걸림돌이 되고 있다. 기업 현장에서의 임파워먼트와 자율경영팀의 운영이 구성원 만족과 생산성의 증진, 나아가 기업성장에 필수적이다. 이러한 것이 현실적으로 한국 기업에서 실현되기 어려운 이유를 우선 설명하고, 나아가 그 극복방안을 저자의 한국과 미국기업에서의 실제 경험적 사례의 구체적 설명을 통하여 제시한다.

주제어: 임파워먼트, 자율경영팀, 현장근로자 생산성

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