

## **Non-Formal Management Education and Training for Business Managers in Korea**

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## I. INTRODUCTION

**Issue:** The fact that the management of business organization makes a great contribution to the national economic growth is recently emphasized in any nations.

Needless to say, management is a cohesive element enabling complex business enterprises to operate effectively and efficiently over the long run in the production of goods and/or services in every society. The success of management in providing the economy with successful and growing business organizations is an important factor in the growth of any nation's economy.

The successful leadership of the business organization entails the intelligent use of the principles of management to attain the goals of the business organization. The knowledge of management principles and skills is only one part of being a successful manager. The successful manager must also possess the ability to apply these principles and skills in the practice of the management function; this combination provides an individual with the assets to lead successfully and manage the business organization. A need exists in Korea to aid more individuals to become successful managers.

The demand for managerial resources has been rapidly increasing in recent years. The increased demand has made it necessary to create quicker and surer methods of developing individuals for managerial positions than past methods of trial and error could produce. In light of the trends, programs of management education and training are becoming an integral part of the business organization's attempt to acquire and maintain a managerial team which will enable the organization to grow and prosper in the Korean economic society.

However, what is, at present, the status of management education and training to upgrade the quality of business managers. What problems need to be solved in the future?

**Purpose of the Study:** The purpose of this study is to provide at least a partial basis for the improvement of management education and training for managers in Korea. Through the identification and analysis of issue arising in this area, information should be provided which will help those involved in this function to meet company management development object-

ives.

The purpose of the paper is to answer briefly but as far as possible the following five questions:

- 1) What are the manpower needs in management personnel in the future?
- 2) What is the primary pattern of management in Korean industry?  
What are the characteristics of the existing managers?  
How can the managerial function be best performed?
- 3) What is the activity status of management education and training for managers? What organization takes charge of education and training of management and what has been accomplished? What are the components of education and training programs; what topics, methods, teaching materials, time schedule, instructors and participants?
- 4) Is the existing organization of education and training satisfactory to the managers of the companies? From the companies point of view, what is the most desirable organization for educating and training managers?
- 5) What are feasible recommendations for improving the education and training of managers in the area of this study?

**Definitions:** The following definitions will aid in understanding the exact use of certain terms over which there might be some question due to variations in common usage.

*Management development*-- The planned continuous process of educating or training personnel holding managerial positions to enable them to perform better their present and future management functions.

*Management education and training*-- The terms, education and training are often used in classification of heterogeneity, but in this paper, both of them are used homogeneously as a learning process to improve managerial skill.

*Top management*-- That level of management which has the responsibility for and the authority over major functions in the organization such as production, marketing, finance, and personnel. The job titles most commonly referred to at this level of management are president, vice president, managing director (chunmoo ee-sa), and director (sangmoo ee-sa).

*Middle management*-- That level of management which falls between top management and low management levels. The typical job titles at the middle management level are department manager (boo jang), assistant

department manager (cha jang), and section manager (kwa jang).

*Low management*-- Low management level includes assistant section manager (kye jang), senior clerk (joo im) and the persons with 3 or 4 years of experiences likely have the promising prospect to be promoted to the position of section manager level. The term low manager, in some cases, corresponds to entry-level managers or perspective managers.

**Limitation:** The study was restricted to management education and training in the manufacturing industry in Korea, even though the result of this study can be applicable to other industries such as banks, government, mining, construction and transportation.

Furthermore, the area of management education and training was restricted to programs of company itself and non-formal management education and training conducted by private institutes and university related institutes. Accordingly, formal university programs leading to a degree, or vocational training such as pre-employment education and training, or technical training for workers were excluded from this study.

**Procedure:** In conducting this study, the initial source of data for the identification, definition, and analysis of the issues was the professional literature pertaining to and related to management education and training. This initial source of data included periodicals, monographs, books, research reports and special publications. These data were used as a basis for preparation of an interview guide.

A companion source of data in this study was information from training director and top managers in specified business firms. The objective behind the use of this source of data was to provide additional evidence for the identification, definition, and analysis of issues. This source of data was also a means by which gaps in the literature might be discovered and filled.

The collection of written data was obtained from the business firms and management institutes by sending them questionnaire.

A questionnaire (Appendix I) requesting participation in the study was sent out to 250 business firms in Korea. Affirmative responses were arranged after a favorable response was received, and the interviews were conducted. The size of the business firms participating in the study varied to a great extent. But more than 90 percent of the respondents of the questionnaire

were large firms.

Another questionnaire (Appendix II) was sent to non-formal management institutes, a total of 50 private and university related institutes. However, only 9 institutes responded to this study.

Besides sending questionnaire and interviewing business firms and management institutes, I interviewed with the officers associated with the management education and training at the Federation of Korean Industries, the Korea Chamber of Commerce and Industry, the Korea Trade Association, the Medium Industry Bank, the National Federation of Small and Medium Industry Cooperatives, and such government agencies as the Ministry of Commerce and Industry, the Ministry of Science and Technology, the Ministry of Education and the Economic Planning Board.

In many cases, the nature of the data in this study required the use of subjective methods of collecting and analyzing data. The findings and interpretations are the result of the analysis of the researcher. It is possible other individuals using these methods and sources of data or other methods and sources of data on the problem studied might arrive at slightly different generalizations and conclusions.

## II. FINDINGS

This chapter presents findings on management education and training of business managers in Korea, based on the information collected during the research and survey period of the study.

### A. The Performance of the Economy and the Need for Managers in Korea

#### 1. *The Performance of the Economy and Some Problems*

During the past quarter century, and especially since 1961, the economy of the Republic of Korea has undergone a remarkable transformation. Largely an agricultural country in 1945, when the Japanese colonialism ended, and then suffering from the devastation of the 1950-53 war, Korea has rebuilt its economic structure practically from the ground up, boasting a spectacular rate of industrial productivity and commercial growth during the past decade with the expansion level so high in some years as to have been

the envy of developing countries throughout the free world.

The indices of real growth over the last several years showed the rapidity of the economic expansion in Korea. In the period 1962-73, the Gross National Product increased at an annual rate of 9.6 percent. In 1973, the alone GNP amounted to \$11.2 billion.

This phenomenal expansion of the economy was ignited by dramatic advances in the manufacturing sector. Between 1962 and 1973, manufacturing activity grew at a rate of 19.1 percent annually. In 1973, manufacturing reached \$2.8 billion, amounting to 19.6 percent of GNP.

Projections for the period 1977-81, according to the official 10 year long-term plan, show annual growth rates of 11.0 percent for the Gross National Product and 16.6 percent for the manufacturing industries. If the projections are realized, the contribution of the manufacturing industries to GNP will amount to 31.8 percent for the period 1977-81—a startling increase over the 19.6 percent contribution in the period 1962-73.

Although some of the goals originally set are not likely to be met because of the worldwide economic recession, industrial growth is expected to remain high for a number of years as compared with the recent past. A summary is in the Table 1 that follows.

Korea's vigorous economic expansion up to now can be attributed to the large and sustained flow of foreign capital, both governmental and private,

Table 1. Annual Average Growth Rate of GNP and Manufacturing  
and Contribution of Manufacturing to GNP

	Growth Rate		Contribution of Manufacturing to GNP
	GNP	Manufacturing	
Actual			
1962-66	7.8	14.8	16.4
1967-71	10.5	21.5	20.7
1962-73	9.6	19.1	19.6
Projections			
1972-76	9.0	16.8	26.0
1977-81	11.0	16.6	31.8
1972-81	10.0	16.7	28.9

Source: Economic Planning Board, Major Economic Indicators (1962-73), July, 1974 and various reports issued by the Economic Planning Board.

and to the very rapid growth of exports.

During the period 1962-73, total exports increased at an annual rate of 44.9 percent. In the same period manufactured goods exports grew at a rate of 43.3 percent annually. Projections of period 1977-81 indicate annual growth rates of 20.0 percent for the total exports and 20.8 percent for the manufactured goods exports. This is a lower rate, to be sure, than that realized recently. Nevertheless, it is an extremely ambitious target considering the highly competitive nature of today's international markets.

Total exports are expected to expand from about \$3.3 billion in 1973 to \$11 billion in 1981, if the plan's goal is reached. Manufactured goods are expected to increase from \$2.9 billion in 1973 to \$10 billion in 1981. The contribution of the manufactured goods exports to total exports will amount to 92.5 percent for the period 1977-81-- a substantial increase over the 72.0 percent contribution in the period 1962-73.

A summary of data on exports is in the Table 2 that follows.

**Table 2. Annual Average Growth Rate of Total Exports and Manufactured Goods Exports, and Contribution of Manufactured Goods to Total Exports**

	Total Exports	Manufactured Goods Exports	Contribution of Manufactured Goods to Total Exports
Actual			
1962-66	44.0	41.6	58.4
1967-71	33.8	39.5	79.2
1962-73	44.9	43.3	72.0
Projections			
1972-76	31.6	33.0	89.5
1977-81	20.0	20.8	92.5
1972-81	25.8	26.9	91.0

Source: Economic Planning Board, Major Economic Indicators (1962-73), July, 1974 and various reports issued by the Economic Planning Board.

As the above shows, Korea is trying to achieve both qualitative and quantitative expansions at a rapid speed.

In the past, the Korean economy, with scanty material resources, has had a low productivity because a large proportion of the population was in agriculture. In the industrial area, with emphasis on light industry, there were also many weak points, including the shortage of capital, narrow markets and substandard production techniques. As for the capital invested

in social overhead, there were many bottlenecks, including electricity, transportation, etc.

The drive for industrialization brought several unsought, but predictable, results. Included were the continuous pressure of inflation, a shortage of foreign exchange, an increasing supply of money, increasing imports relative to exports, and an unfavorable balance of payments.

The effect of these various factors seems to have generated a demand for goods and services which was far greater than the supply. As the result, a rampant inflation took place and the consumer price index rose from 32.9 in 1962 to 129.5 in 1973 (with 1970 taken as 100). The money supply increased approximately by 29.7 percent during this period, while the growth in real national product was 9.6 percent.

The economic development in 1960s was characterized by a shortage of private savings and investment, an increase in government savings and the procurement of a large volume of foreign loan. The high growth during the period is attributable to the increase of industrial production, the production at home of consumer goods previously imported and the improvement of light industry so that it could meet the competition in the international markets.

The steadily widening gap between the supply of money and the increase in real national product seems to have further intensified the inflationary trends. Still another problem was an acute shortage of foreign exchange because of the unfavorable balance of payments. In turn, a heavy curtailment of imports—consumer goods and essential spare parts, raw material and machinery became necessary.

This lack of adequate imports has shielded many enterprises from foreign competition. This in itself should not be too harmful if the competition among domestic enterprises were healthy. However, there was also a lack of adequate competition here owing to an insufficient number of entrants into given product markets.

During the period, rigid government control along with the low propensity to save and to invest seems to have discouraged the establishment of new enterprises. On the other hand, increased governmental planning expenditures have stimulated demand. Thus, the end result is the creation of an oligopolistic market situation. The export-industry supported by a great deal of develop-



ment effort has contributed to the increase in industrial production and at the same time has relieved the strain on international payments.

## 2. Manpower Demand and the Need for Managers

As the country expanded its economic base, the total number of persons employed is expected to increase rapidly. In the aggregate, the number of persons employed rose from 8.4 million persons in 1966 to 10.5 million persons in 1972 and is expected to rise further to 12.9 million persons by 1980. The employment demand in manufacturing industry was so great that the proportion of the labor force employed in the manufacturing industries grew from 9.9 percent in 1966 to 13.7 percent in 1972. It is expected to go as high as 21.6 percent by 1980.

In the manufacturing sector of the economy, heavy industry including chemicals and oil refining is expected to expand to a point not previously thought possible. By 1980, when the shipyards, chemical plants and other industrial enterprises now being planned have been completed, heavy industry is expected to employ no fewer than 1.0 million persons. Light industry including food and beverage production, textiles and wood products, is expected to reach 1.7 million persons by 1980 compared with 1.0 million in 1972.

A summary of manpower trends in Korea from 1966 to 1972 with projections to 1980 is in Table 3 that follows.

Table 3. Total Employment and Manufacturing Employment.

(Unit : 1,000 persons)

	Total Employment	Manufacturing Employment	Percentage in Manufacturing(%)
Actual			
1966	8,423	834	9.9
1968	9,155	1,170	12.8
1970	9,745	1,284	13.2
1972	10,559	1,445	13.7
Projections			
1974	10,652	1,649	15.5
1976	11,304	2,030	18.0
1978	12,081	2,404	19.9
1980	12,924	2,792	21.6

Source: Ministry of Science and Technology, Long-term Manpower and Development Policies, 1973 and various reports issued by the Economic Planning Board.

As employment grows in Korea, the need for more managers increases, too. The numerical growth accompanied by continuous shifts in the labor force and in the composition of industry can be expected to place substantial strains on the managerial manpower.

The number of managers needed in Korea depends on two major variables-- 1) changes in the composition of employment or "industry mix" of the Korean economy, and 2) the magnitude of economic growth. The composition of the economy will affect managerial growth because certain industries require more managers than others, particularly managers with advanced management education and training.

The growth in managerial manpower during the next few years will have two important facets. First, a large number of managers will be needed, primarily in the entry-level management positions. Second, the need will appear for more middle managers and senior managers. Personnel for these positions will have to be drawn from the pool of persons already on the job.

Until now, there has been little systematic study in Korea of management as a profession. There has been no attempt to project the managerial manpower implications of the 10 year development plan. In an attempt to get a rough estimate, I assembled some data on the percentage of managers to the number of total employees.

The figures are in the Table 4 that follows.

Table 4. The Estimated Ratio of Managers to Total Employees

	Heavy Industry	Light Industry
Top Managers	0.8%	0.7%
Middle Managers	4.0%	3.5%
Low Managers	7.5%	6.0%
Total	12.3%	10.2%

Source: Sample Survey (N=46)

The ratio of all the employees to the managers varies by the type of industries. As the above Table shows, the ratio in heavy industry is higher than in light industry.

Since it is not possible to calculate a precise percentage of managers to total employees for every enterprises, I took an average of the data collected

from light industry companies, on the assumption that no dramatic changes would occur by 1980.

For heavy industry, I excluded the companies whose automated systems have not yet been completed, or whose new plants are still under construction. The average taken was just for enterprises which were in full operation.

Table 5 shows the estimated number of managers in 1974, 1976, 1978 and 1980, based on the ratio of managers to total employment by industry and using manpower forecasts by the Ministry of Science and Technology.

Table 5. Estimated Number of Managers in 1974, 1976, 1978 and 1980

((Unit : 1,000 persons))

	1974	1976	1978	1980
Number of Managers				
Top Managers	12	15	18	21
Middle Managers	61	74	88	103
Low Managers	<u>107</u>	<u>133</u>	<u>158</u>	<u>184</u>
Total	180	222	264	308
Heavy Industry				
Top Managers	4	6	7	9
Middle Managers	22	28	35	43
Low Managers	<u>41</u>	<u>53</u>	<u>66</u>	<u>82</u>
Total	67	87	108	134
Light Industry				
Top Managers	8	9	11	12
Middle Managers	39	46	53	60
Low Managers	<u>66</u>	<u>80</u>	<u>92</u>	<u>102</u>
Total	113	135	156	174
Number of Total Employees				
Heavy Industry	545	702	877	1,087
Light Industry	<u>1,104</u>	<u>1,328</u>	<u>1,527</u>	<u>1,705</u>
Total	1,649	2,030	2,404	2,792

Source: Number of total employees from the Ministry of Science and Technology, Long-term Manpower and Development Policies, 1973. Number of managers estimated from Table 4 and manpower forecasting data.

The estimates made above assume that Korea will have to develop new managers at a rate at least equal to the increase in total employment in manufacturing industry. By 1980, for example, heavy industry will require 9,000 top managers, 43,000 middle managers, and 82,000 low managers, a total of 134,000 managers compared with 67,000 in 1974. For manufacturing industry as a whole, the total requirement in 1980 will be

174,000 managers, as compared with 113,000 in 1974.

The retirement ratio of managers is only 0.1% to 0.3% of the total number of managers during a year. This percentage is too small to affect the trend in the supply.

As Table 5 shows, there is no doubt that Korea will require an increased number of managers between now and 1980. However, a simple increase in the number of managerial positions will not meet the needs of the country.

Korean economic growth has been accompanied and will continue to be accompanied by the appearance of larger and more complex operating units in business firms. The economic development plan calls for increased industrialization of the country and an expansion in the export of processed goods. The greatly increased level of foreign investment has already resulted in extensive competition in many markets. The government itself has become increasingly involved in effecting major changes in the country such as improving the infrastructure and increasing the level of industrialization.

Under these circumstances, the past experiences of managers will not, by themselves, be a sufficient preparation for dealing with the needs of the future. Managers will require:

- Extensive and more sophisticated skills in export marketing
- Project management capabilities
- More and better planning in such areas as plant investment, manpower utilization and finance
- Increased skills, on the part of senior management, in directing, integrating and coordinating large organizations.
- Expanded competencies at middle management levels (as the number and scope of the responsibilities of middle management increase in medium and large-sized organizations).

In this context, the quality of existing resources is of equal importance in assessing needs in management. What can be said of management on the score? Perhaps the only confident judgements that can be rendered are 1) the quality of performance is highly variable or mixed; 2) the development of professional management has been hampered by traditional business forms and practices that are slow to change; and 3) the preparation of most managers who have attended formal education and training programs in

management has been inadequate because of the limitations that exist in these programs.

## B. Management Patterns in Korea

The management of business in Korea is faced with a difficult transition in the immediate future, from old to new ways. At the risk of oversimplification, that transition will be from a small-scale, entrepreneurial, family-owned and family-operated pattern of business to a larger-scale, publicly-owned, professionally operated system of companies. Needless to say, in most industrialized economies, these two elements are found to co-exist in business. What is noted here, however, is the precise character and blend of elements that constitute the Korean experience.

The outstanding characteristics of the traditional system(which are only slowly giving way) are as follows:

### 1. *Attitudes about Management and Management Education*

The typical firm in Korea is a small-scale proprietorship with one person owning and controlling all aspects of the firm's activities. According to a recent report by the Economic Planning Board, more than 96 percent of the total number of firms in Korea are of small and medium size. Less than 4 percent are large corporations. However, even in large firms, ownership frequently is not separated from management.

In 1974, there were a total of 96 publicly-owned enterprises. The maximum proportion of stock to be held by the original owners in these corporations is set by law at 51 percent. However, according to the survey by the Office of Taxation, in 48 of these enterprises, the actual ratio of stock

Table 6. Analysis of Actual Ownership of Leading Companies

	1971	1972	1973
Owner and Lineal Descendant	27.61%	26.24%	26.71%
Next of Kin and Beneficiaries	9.52	9.62	10.64
Relatives by Marriage	11.59	10.61	10.47
Affiliated Enterprises	13.62	14.43	14.28
Executives and Employees	10.06	9.57	11.29
Close Acquaintances	5.01	5.11	4.40
Fictitious Names	4.49	2.40	4.60
Total	61.06%	59.23%	60.12%

Source: Office of Taxation

held by the original owner was 60.12 percent. This was accomplished by registering stock in the names of the family, relatives by marriage, employees, and even some fictitious names, as shown in Table 6.

Most enterprises do not wish to disclose their financial structure to the public, despite the stern measures announced by the government on May 29, 1974. A survey on this matter covering 206 firms was conducted recently by the Federation of Korean Industries. According to the report, only 23 enterprises revealed their business status to the public. 118 firms said that they did not plan to reveal their financial status, because of the:

- frailty of financial structure—32.4%
- underdevelopment of capital market —14.7%
- insufficient benefit to the corporation —14.5%
- pressure of stockholders —12.4%
- disturbance to managership that would be involved —12.1%

The fact that management in Korea has not been separated from the ownership of corporations to the extent expected by the government has resulted in an underestimating of the value of management personnel and the need for management education and training.

Since the early 1960s, Korea has experienced exceptionally rapid growth in number of managerial personnel. Until now, however, too little attention has been given to management as a key element in the development process in either the public or the private sector. In perceiving the value of management and management education and training, there have been significant variations in Korea between the attitude of large firms and of small and medium firms.

Most managers in small family-owned firms are not convinced that management skills can be taught in university or institute education and training programs. Some stated that education and training programs would be a waste of their time and their employees time and that management can only be learned through experience. Others said that they would not attend programs, if they were available, because they could not be spared from their jobs.

The skepticism of these managers is understandable because they have little knowledge on which to judge the usefulness of management education and training programs, many have never had any formal management

education and training or have known anyone who has. What they know about management has been learned on the job, after completing primary or secondary school or university in another field.

An important problem, therefore, is the lack of information about management education and training which could persuade managers that education and training is worthwhile.

A more favorable opinion of the importance of management and management education and training is found among large firms, especially large conglomerates.

A president of a large conglomerate said, for example, that:

"In the recent serious economic stagnation we find difficulties in managing our enterprises. In order to maintain and develop our enterprises in the face of economic recession, an urgent task is the development of good manpower. What is especially important is the development of the management group. It is not exaggerating to say that the success and failure of our enterprises will depend upon the effectiveness of our managers".

Top management in large firms is theoretically convinced of the need for modern management techniques. Even firms with "one man managements" are forced to recognize that new techniques are required by the complexities of international business, the government push towards public ownership, and their own individual management problems.

The complaint is that despite the multiplicity of university based programs as well as consultants, institutes, seminars, etc., there is a shortage of trained people in Korea who can transmit management skills in a manner that bridges the gap between academic theory and business practice. Specifically, businessmen need guidance not in generalities of "scientific management" but in techniques of marketing, organizational structure, financial forecasting, new approaches to labor productivity, etc.

They believe that large businesses like theirs should have a strong part in developing the mechanisms for such a program. This would include, they say, participation in the financing. Naturally, a government subsidy or tax relief would be advantageous, but there was surprising unanimity in the opinion that business firms should be financially involved.

To sum it up, business needs education in new management techniques, but the present organization, methodology and materials do not satisfy the

managements or large firms. There is a distinct trend for the most advanced to turn to internal mechanisms, with a minimum reliance on outside "experts."

In conclusion, my interviews in the business community to determine the extent of interest in management education and training programs showed that many Korean businessmen holding managerial positions, especially in small-scale enterprises, are not aware of the value of modern management techniques. Few of these managers expressed any interest in management education and training. For the most part, they rely on a long-established procedures and have operated their businesses in much the same way for several decades. Few are aware of improved processes or equipment available and fewer still are acquainted with modern budgeting methods. Almost none of these managers does any long-range planning. Decisions are made for the short term. They are usually based on intuition, not on objective analysis of market conditions.

This approach to management handicaps the growth of the individual businesses as well as the growth of the overall economy in Korea. Ultimately, businesses managed in this way will not be able to compete with more efficient, better-managed operations. And the result is that economic expansion is forced to rely too greatly on local branches of international corporations.

## *2. Characteristics of Managers*

In general, two different groups run business organizations in Korea. One is managerial group which takes charge of top management. The other is the employee group which carries out manual or clerical tasks.

Personnel recruitment in business emphasizes family ties and hometown and school relationships. In part, nepotism and localism are a manifestation of the suspicion and distrust with which Koreans tend to regard "out-siders". Family obligations aside, the owner feels the need for subordinates whose loyalty is based on strong personal ties that go beyond the immediate employment relationship.

In recruiting employees, owners sometimes underemphasize personal ability. This is partly because of the technical difficulties in evaluating ability and because of the belief (among employers misconception) that the sum total of the individual potential constitutes the total organizational power.



We turn next to the demographic characteristics of managers in Korea. Table 7 shows the breakdown by age groups. More than 50 percent of top management level are in the age bracket of 40 to 49. More than 65 percent of middle managers and more than 85 percent of low managers are under 39-year-old.

Table 7. Classification of Managers by Age Groups

(Unit : %)

	Top Managers	Middle Managers	Low Managers	Total
Under 29	0.9	2.3	35.8	25.0
30~39	10.8	63.2	49.9	51.3
40~49	53.8	26.7	12.1	18.2
50~59	29.7	7.8	2.2	5.1
60 and over	4.8	—	—	0.4
Total	100.0%	100.0%	100.0%	100.0%

Source: Sample Survey (N=45)

With respect to educational status, the data show that 2/3 to 3/4 of persons in management positions are reported to have four years of college or more. The figures, which show the wide participation in higher education in recent years among people employed by business, are in Table 8 that follows.

Table 8. Classification of Managers by Educational Attainment

(Unit : %)

	Top Managers	Middle Managers	Low Managers	Total
No School	1.2	0.8	0.6	0.7
Primary	4.3	3.9	3.2	3.4
Secondary	26.6	24.8	21.7	22.5
College or more	67.9	70.5	74.5	73.4
Total	100.0%	100.0%	100.0%	100.0%

Source: Sample Survey(N=42)

While conducting this survey, I analyzed which factors are more influential in a manager's performing managerial activities in Korea, task-oriented activities or related-oriented activities such as superior-subordinate relation.

With regard to top managers, no data were available. However, in case of middle managers, the task score was barely above 50 percent, if a standard score was 100, while the related score was 70 percent. In low management, both scores were 5 percent less than those of middle management. If these data are reasonable, task ability should be enhanced, though the

improvement of related score is important for middle and low managements in Korea.

### 3. *Some Aspects of Managerial Function in Business*

The operation of most firms in Korea is not motivated primarily by managerial considerations--i.e. by a concern for organizing, planning, directing, controlling and coordinating the work of various members effectively toward the accomplishment of a common purpose.

#### (1) Organization:

The organizational structure seems to be subdivided excessively in the pursuit of functional duties and personnel activities. In addition, there is a strong consciousness toward a departmental way of thinking. This brings about inefficiency and a waste of expenses. The system develops a bureaucratic and mechanical approach. Hence, the achievement of the overall organizational targets is very difficult.

The informal organization of a company in Korea is usually in competition with the formal organization. A director cannot operate his office properly, for example, unless he works closely with the members of the informal organization within his department. The term, "human relations" in business is generally understood as "personal relationship", or a "mind to mind relationship". The personal relationship is considered to be more important than formal relationship.

#### (2) Decision-making:

Korean managers find it difficult to delegate authority to subordinates. Consequently, they concentrate much of their effort on handling day-to-day problems to the neglect of planning, and tend to be impetuous in their business undertaking.

In most cases, the process of decision-making and recognition of the effects of the external environment depend upon the experience and direct contacts of the president of the company. Even if the company has a group of management specialists its function is weak, and its decisions are often ignored at by the top.

The fact is that in most companies all of the authority is vested in a single top manager. Ordinary decision-making takes an extraordinarily long time. Independent decision-making activity, especially by the leadership of the middle management group, is hindered. If there is any delegation of

authority, it is for the paying out of small expenditures.

In a few enterprises where some authority is delegated to the department director, the departments find it difficult to work together because departmental prosperity rather than company success takes top priority.

(3) Coordination:

Coordination among functions is unsatisfactory at many companies mainly due to activities which emphasize the department.

According to a recent survey, two-thirds of the firms reported distrust and antagonism among different departments. In the remaining firms, mutual cooperation was not found to follow the line agreed to between the senior managers. However, the attitude was extremely passive and cautious. In summary, cooperative team work in business organizations in Korea is low. Most companies do not have such team work.

(4) Control:

The control process consists of face-to-face supervision method, i.e., the work supervision is influential only as far as the eyes and voice of the supervisor reaches (as if he made himself guard of a prison). The more advanced enterprises usually have plans for operating control. Nevertheless, these turn out to be useless because there is not strong follow-up by the top manager.

(5) Motivation:

The lack of a long-term goal hinders most companies from giving impetus or motivation toward fulfillment of a goal to its employees. In addition, the technique of motivating employees is still weak. Most managers or administrators depend upon the stimulus of economic desire, they believe that a sufficient payment will make all things good or that such human steps as patting the shoulders of the employee or giving sweet smiles to them will be enough.

(6) Communication and Information Exchange:

An adequate information exchange between managers cannot be found. The managers committee is generally no more than a gossip meeting or a nominal meeting on an already proposed agenda. Even if a sincere discussion occurs, it is one-sided, based on the departmental interests rather than a many sided discussion which considers the whole company point of view.

Moreover, the confidential character of management information combines.

with the owner's fear of internal rivals for power and influence to deprive operating personnel of the data required for an effective measurement and control of performance.

(7) Superior-Subordinate Relationship:

The problem lies in the process of leadership. The degree of confidence of seniors toward subordinates, in most cases, is insufficient. Instead there is a strong distrust and suspicion. Subordinates also have little trust in their seniors.

In Korea the superior manager of a department is considered as the leader. A superior assumes all the responsibilities of his department. Naturally, he requires obedience of his subordinates in the matters not related to official duty. On the other hand, the subordinates pay careful attention to the personal affairs of a superior much as younger brothers or children pay keen attention to the actions of their older brothers or their parents.

4. *Need for Management Development*

The Korean management pattern is directly associated with the traditional culture of this country, which was generated from Confucianism and is based on strong family-ties and blood relationship. Under the influence of Confucian ethics the Koreans have emphasized a strict hierarchical relationship, demanding absolute loyalty and obedience to authority and superiors.

No doubt, it would take time for deeply rooted behavior patterns to be changed. Even if superiors would delegate authority, for instance, the delegates are not ready to accept the responsibilities offered.

Viewed from another point of view, Korean enterprises are facing problems similar to those which confronted industry in developed countries at their early states. One problem is that of transition from personal to scientific and functional management. Korean entrepreneurs tend to be guided not by a scientific method but by experience gained in nonindustrial activities. This is considered to be one of the inhibiting factors in Korean industrial organization. It manifests itself in lack of familiarity with the nature of industrial enterprises, and it results in an imbalance in the performance of various managerial functions. Business policies are likely to be guided by short-term considerations of immediate profit, while the long-term aspects, such as training of managers and workers and modernization of equipment, are often

neglected.

In recent years increasing attention has been given, however, to the role of advanced and scientific management know-how and of "new" type managers. The Korean Businessmen's Association, for one, has maintained that some of the most urgently needed organizational improvements consist in the separation of ownership and management, the development of professional management and managers, the elimination of familistic, paternalistic, and authoritarian personnel management practices, and the promotion of labor-management cooperation.

In addition, the government has goal for the improvement in Korean management, it is clearly explained in the Third Five-Year Plan which says:

"With the growing scale of business and expansion of operations, efficient business operations based on scientific business management are required. To this end, businesses will be called upon to carry out the following measures:

First, the business management will be specialized through promotion of the public sale of stocks. The merit system should be introduced in personnel administration as a means of boosting creativity and zeal in order to increase production. Second, new scientific production management methods, including standardization, specialization, and simplification should be introduced and utilized. Process control and work supervision should also be improved. Third, on the basis scientific surveys on both domestic and overseas markets, national production and marketing plans should be formulated and operated, and inventory should be managed through scientific methods. Fourth, an investment appraisal system will be encouraged and popularized for new investment projects in order to guide investors to make investment on the basis of the economic and technical feasibility of individual project after thorough estimates of costs."

In fact, such elements as increasing complexity, intensifying competition, tight labor markets, urging of foreign nationals, international agencies, and institutions within Korea, including the government, are forcing changes in management in this country.

It is apparent that Korean business management faces new challenges and opportunities, as well as some vexing business problems. After a decade of dazzling growth, the current world-wide conditions and their impact on the business scene force Korea to re-assess management techniques and skills.

A recognition of this situation and a discussion of appropriate management education and training for managers to cope with these changing market conditions occupied a significant portion of my interviews. While some

elements of the current downturn may be transitory, a number may be a part of important long-term economic trends. These should be considered in the future planning for management education and training in this country.

### C. Management Education and Training Activities in Korea

In the foregoing sections we have examined the quantitative and qualitative character of the problems and needs in the field of management. We turn now to the adequacy of means to meet those needs. This section analyzes the status of management education and training for business managers in Korea.

#### 1. *Status on the Non-formal Management Organization*

In the last decade, numerous facilities have established and developed to meet management development outside regular university degree programs. However, there are only a few institutes which took a central role in the education and training for managers.

As a part of this study, I looked into the status of both private management institutes and institutes attached to universities. Some 21 private institutes were educating and training managers in 1974, under the sponsorship of the Ministry of Commerce and Industry (MCI). There were also 19 university related management institutes. Whether they are private or university related institutes, management institutes have similar objectives; that is, such activities as management education and training, management consultation, technical guidance, research and survey activities, information and publications, international cooperation, etc.

in 1973 and 1974, the management education and training activities for managers conducted by these institutes were very limited. For instance, Table 9 shows activities conducted by non-formal management institutes under the Ministry of Commerce and Industry, and indicated that only 1 institute provided training programs in 43 cases during the second half of 1973. In the first half of 1974, 34 cases of training programs were offered by 2 institutes. On the other hand, the cost accounting and pricing survey show more extensive activities. In the second half of 1973, 11 institutes held 971 cases of cost accounting programs while 6 institutes, with 85,276 cases of pricing survey. In the first half of 1974, 10 institutes conducted 3,281 cases of cost

accounting while 4 institutes, 185,410 cases of pricing survey.

**Table 9. Activities Conducted by Private Management Institutes Reporting to the Ministry of Commerce and Industry**

	The Second Half of 1973		The First Half of 1974	
	Number of Institutes	Cases	Number of Institutes	Cases
Management Guidance	5	63	4	44
Training	1	43	2	34
Seminar	7	47	5	58
Research	7	44	8	38
Consultation	3	8	6	48
Cost Accounting	11	971	10	3,281
Pricing Survey	6	85,276	4	185,410

Source : Ministry of Commerce and Industry

Note : Total number of institutes involved was 21.

In the past, among the institutes under the Ministry of Commerce and Industry, most of the education and training for managers have been conducted by the Korean Productivity Center (KPC). Initially, KPC offered courses in management practice which lasted several weeks and even months. However, when the universities established degree programs in business administration, the center redirected its efforts into shorter-term programs, lasting usually about 5 to 6 days.

The status of management education and training by KPC in the past several years is as shown in Table 10.

**Table 10. Management Education and Training Activity by KPC**

	1970	1973	As of October, 1974
Number of Courses Offered	73	82	65
Number of Classes Conducted	73	82	65
Total Participants Completing	1,445	1,578	1,097

Source : Korean Productivity Center

The university related institutes did not concentrate on training programs, through which participants can return to their job as a better team members. However, these institutes do provide an academic atmosphere for the participants with faculty members who can easily handle philosophical and theoretical concepts and provide a program with meaning.

At present, only a small number of business firms have asked universities

to provide training programs, consulting services, seminars. Most of the university programs are by topic and by rank, and are conducted at the request of the member corporations of the school-industry cooperative society and other business firms. Two or three university institutes have held seminars for top level management.

Besides the private and university related institutes, independent organizations such as the Korean Management Association also conducts the education and training programs.

In addition, there are 15 institutes under direction of the Economic Planning Board. A few of these institutes conduct education and training for managers sporadically. Their aims are not primarily to educate and train the managers. Rather, the primary objective is to establish policy for national economic development. Other objectives are international cooperation and the development of national economy, research and study of the industrial economy, survey of the commodity prices, etc.

Other associations, such as the Korea Chamber of Commerce and Industry and the Korea Trade Association, also play an educational role in the Korean economy, offering both management guidance and consulting services to their members. Besides, the Federation of Korean Industries, which is composed of the leading industrial and commercial firms and business association in Korea, has long urged on its member organizations the value of trained management.

Among small and medium size firms, the pattern and stage of management education and development is somewhat different. Initially, management education and training activities were spearheaded by the Medium Industry Bank(MIB). MIB, sponsored and supported by government, specializes in serving the needs of small and medium firms, defined as enterprises employing less than 200 persons.

Also involved in management education activities for small and medium industry is the National Federation of Small and Medium Industry Cooperatives. Its central mission is to implement government policies for upgrading these industries through organization of industrial cooperatives, protecting the rights of their membership, managerial and technical assistance through educational training and publications and research.

The actual accomplishment in education and training for managers in small



and medium industry, in the past several years, by MIB and the Federation of Small and Medium Industry Cooperatives is small as shown in the Table 11.

Table 11. Education and Training Activities for Small and Medium Industries

	Contents	1972	1973	October, 1974
National Federation of Small and Medium Industry Cooperatives	Taxation (Person)	292	401	350
	Management Practice (Person)	200	447	487
Medium Industry Bank	Management (Companies)	54	30	29

Source: National Federation of Small and Medium Industry Cooperatives

Note: Excluded technical guidance and training

This study observed and confirmed that a few large business firms have some types of managerial education and training program either internal, in conjunction with university related institutes or through private institutes. Since most of these ventures are relatively new, their effectiveness is difficult to assess. Some programs appear to exist on paper only, while others are unsure as to direction, content, staffing, etc.

## 2. Problems concerning the Operation of Institutes

In preceding pages I pointed out that a large number of institutes and associations were directly or indirectly associated with education and training for managers. The institutes are faced with various problems. In broad sense, these can be classified as (a) problems directly related to the operation of institutes and (b) problems concerning conducting education and training for managers. Let's look at the first problems.

(1) Most institutes are suffering from shortage of funds.

Management education and training programs have developed haphazardly in Korea. The proliferation of the private institutes has been so great that a number of them are having difficulty in securing sufficient business. The demand for the education and training programs from the business firms is too small. Most of the institutes are financially poor. Originally, some institutes received a great amount of financial support from the business firms as the institutes in the advanced countries do. Now the support is low. Financial support for such institutes by the business firms depends upon the willingness of the business firms as well as the taxation regulations. Until now, the government has not much supported such institutes.

In 1974, the average budget of the institutes under the direction of the Ministry of Commerce and Industry is 7,500,000 Won which is a small sum compared to 20,827,000 Won, the annual budget of the institutes under the sponsorship of the Economic Planning Board at the same year. In case of institutes under MCI, they depend on self-financing but the income source is not uniform. One of the leading institutes, for instance, reports 25 percent of its total income is from charges for management education and training. Other income is from publication and research such as pricing survey.

(2) Cooperation and coordination between institutes or with other organizations has not been established in this connection.

A comprehensive approach involving cooperation of business, government, the academic community and the management associations has not been undertaken to ensure the maintenance and development of education and training for managers or the quality and applicability of the training given. This lack of overall coordination seriously limits the effectiveness of management development programs.

There is especially a lack of coordination between private institutes and associations which has resulted in duplicate course offerings. This lack of coordination hinders a company's or agency's efforts to plan an integrated development programs for its managers.

Management institutes themselves seldom cooperate in program planning and organization because of the highly competitive environment surrounding these organizations. This has also led to duplication of efforts and inefficient use of resources.

(3) The participation by the managers of small and medium firm in the training programs of the institutes is small. This results in the institutes not having enough clients and the managers not enough training.

According to the National Federation of Small and Medium Industry Cooperatives, the main reasons for reluctance in participating in training programs on the part of the managers of small and medium firms are as follows:

- 1) Owners cling to primitive methods of management and do not grasp the concept that new management techniques can lead to long run profits. Contributing to this short-sightedness is the relative simplicity of the selling

system which prevents an understanding of the marketing complexities to be faced in the near future.

2) There is no research institute studying the problems. Due to limited resources, small and medium firms need a government subsidy to develop a training and research institute under industry sponsorship.

3) Business firms evade the program, thinking of the loss incurred during the training period by the absence of their employees. Continuous participation in the program is hard to be expected because the lack of understanding of the educational potential.

4) Operational funds cannot be obtained to establish a permanent agency to conduct programs for the managers of small and medium firms and establish and maintain an educational facility.

### *3. Problems concerning Non-formal Education and Training Programs*

Let's now look at the problems generated by the programs of actual education and training of managers.

#### (1) Topics:

The major topics of education and training programs for managers conducted by private management institutes and internal programs of enterprises are as follows:

#### <Personnel Management and Organization>

- |                                    |                              |
|------------------------------------|------------------------------|
| a. Human Relations                 | b. Performance Evaluation    |
| c. Job Analysis and Job Evaluation | d. Management by Objectives. |
| e. Quota Decision                  | f. Wage Administration       |
| g. Communication                   | h. Leadership                |
| i. Cooperation with Coworkers.     | j. Self Development          |

#### <Financial Management and Accounting>

- |                              |                                  |
|------------------------------|----------------------------------|
| a. Cost Analysis             | b. Review on Financial Statement |
| c. Budget Control            | d. Managerial Accounting         |
| e. Capital Management        | f. Profit Management             |
| f. Profit Management         | g. Cost Reduction                |
| h. Taxation                  | i. Internal Auditing             |
| j. Break-even Point Analysis |                                  |

#### <Sales Management and Marketing>

- |                     |                      |
|---------------------|----------------------|
| a. Agency Operation | b. Salesmen Training |
|---------------------|----------------------|

- |                                   |                       |
|-----------------------------------|-----------------------|
| c. Market Research and Survey     | d. Store Management   |
| e. Sales Promotion                | f. Advertisement      |
| g. Marketing Information Analysis | h. Commodity Planning |
| i. Sales Analysis                 | j. Export Marketing   |

<Production Management and Industrial Engineering>

- |                           |                            |
|---------------------------|----------------------------|
| a. Preventive Maintenance | b. Material Handling       |
| c. Process Control        | d. Quality Control         |
| e. Cost Control           | f. Work Research           |
| g. Operations Research    | h. Inventory Control       |
| i. Technical Innovation   | j. New Product Development |

<Others>

- |  |                                   |
|--|-----------------------------------|
| a. Business Policy and its Diagnosis     | b. Industry Rationalization       |
| c. Social Responsibility of Business     | d. Problems of Korean Economy     |
| e. Domestic and Overseas Economic Status | f. Exports and Imports            |
| g. Management and Ownership              | h. Procurement of Foreign Capital |
| i. Economic Policy                       | j. Business Law                   |

The subject matter contained in the above topics falls into two categories.

First: technical and special subject matter. The objective is to provide the manager with special information and skills necessary to function intelligently in the technical aspects of the job.

Second: business and economics, liberal arts, and communication. The objective is to help businessman to function better as a manager by improving his skills in decision making, problem solving, planning, organizing, motivating, leading, controlling and innovating.

Only with a few exceptions, the management institutes in Korea do not distinguish between the programs for the top, middle and low managers, either in contents or topics. Most of the contents and topics of the programs offered imitate the courses in the business administration curriculum at the universities.

However, the data collected for this paper shows significant differences in the views of top managers, middle managers and low managers as to the priority of, they feel should be given various topics.

As Table 12 indicates, top management level gives top priority to acquisition of knowledge necessary for general and broad decision making such as business policy and economic policy. The next priority is human relations.

Topics such as practical management know-how receive the lowest priority.

The priorities are different for middle manager sand low managers. In general, they place first importance on the acquisition of knowledge required to solve pending problems related to marketing, and practical management know-how. They also give a comparatively high priority to human resources management.

As the Table shows, all managers give the lowest priority to culture, liberal arts and language. This does not mean that culture, liberal arts and language are neglected, but only reflects the fact that managers are concerned mainly with the solving of the practical problems they face every day.

**Table 12. Priority Companies give to Possible Topics for Education and Training Programs**

	Top Management	Middle Management	Low Management
A. Business and Economic Policy	1	5	7
B. Organization and Personnel Management	4	6	4
C. Human Relations, Leadership and Communication	2	3	5
D. Creativity and Problem solving	9	7	6
E. Decision-making	6	9	8
F. Foreign Trade and Marketing	3	1	2
G. Finance, Accounting, and Production	8	3	3
H. Practical Management Know-how	10	4	1
I. Results of Business Consultations	5	8	10
J. Liberal Arts, Culture, and Language	7	10	9

Source: Sample Survey (N=46)

The effectiveness of present education and training programs is impaired by the lack of teaching materials. In Korea, as noted earlier, a broad range of programs has been established in a short period of time to provide management education and training for actual or potential managers. This rapid creation of programs was made possible by borrowing curriculums and teaching materials which were developed elsewhere.

While the concepts and principles of management may be universally applicable, the practical steps which a manager takes to reach his objectives are largely determined by the environment in which he operates. However, with few exceptions, the content of teaching materials used at present in Korea does not relate sufficiently to the cultural, economic and other conditions of the country. Most of the materials, concepts, cases and examples are drawn from sources in the United States, and are not necessarily relevant

to Korea. In many cases, it is up to the program participant to sift and analyze the relevance of the material presented. Instructors have neither the time nor the business experience to carry out this "transition" process.

Teaching aids, such as programmed texts, films, and other audio-visual aids which would help improve the effectiveness of management programs in Korea are not generally available. Those that are available are not circulated among all the potential users.

## (2) Methods:

At the present time, various methods are being used for educating and training managers in Korea. The use of the various methods depends on internal and external nature of the programs, their objectives and the places where the programs are given.

The most popular method in educating and training managers is the lecture. This does not actively encourage trainees to analyze the implications of the material and does not provide feedback to the instructor. Recently the term "seminar" has been used but since it usually involves only a one-way communication, it does not provide feedback to the instructor.

Although the term "case study" appears in education and training programs in Korea, the fact is that little use is made of the case method, which stimulates a more active participation of skills in other countries.

The conference method is an important technique in education and training for managers but this method is used only infrequently in this country. The conference method overcomes to a great extent the weaknesses of the lecture method. However, unlike the lecture method of instruction, the conference method assumes that the trainees already have basic knowledge or experiences with regard to the material to be presented. The merit of this method is that the participants can have friendly relations with each other and strengthen their mutual confidence. The conference method has a number of variations such as free discussion, symposium, buzz session, forum, colloquy and panel discussion.

The various management levels differ in their preference for education and training methods in response to a questionnaire. Most top managers said they considered the conference method as the most desirable method and would like to rely upon that kind of method. Their next preference would be to use seminars and case studies. The third most popular method was the

lecture; then came observation and intensive workshops.

Middle managers regarded both conferences and seminars as best. Then came oral presentation, case study, lecture and practice, observation, lecture only, intensive workshop and audio-visual.

Low management has different priorities; first, seminar and second, lecture and practice. Then intensive workshop, lecture, case study, conference, observation, slide and film and oral presentation.

A summary of the information obtained is in the Table 13 that follows:

**Table 13. Priority Companies give to Possible Methods for Education and Training Programs**

	Top Management	Middle Management	Low Management
A. Lecture	4	7	4
B. Lecture and Practice	—	5	2
C. Seminar	2	1	1
D. Case Study	2	4	5
E. Presentation	—	3	9
F. Intensive Workshops	6	7	3
G. Conference	1	1	6
H. Slide and Films	—	9	8
I. Observation	5	5	6

Source: Sample Survey (N=46)

### (3) Time Constraints:

At present, there is widespread unwillingness to allow managers to be absent from their jobs for more than two or three days at a time. Those managers who are most suitable candidates for management training are frequently burdened with major responsibilities and involved in day-to-day decision-making. Even in the large firms one week is the maximum amount of time that top managers are willing to allow key subordinates to participate full time in management training programs. Typically, managers are permitted to leave their positions for no more than two to three days. Moreover, top management is usually not willing to pay for the cost of long, full-time programs.

In addition to time constraints, present management training institutes offer discrete seminars, which have little relationship to any other seminar or course offered by the organization. Even if courses are related, it is still unlikely that a sequence of short seminars would be planned, organized and

offered to meet the specific needs of a particular type of manager. It is very difficult, therefore, for managers to enroll in a continuous program of seminars that would enable them to develop significantly new approaches to the management problems they face.

Another problem with present training programs is the inability to schedule the programs well in advance so that companies could prepare and schedule individuals for specific courses that would be most beneficial to them. These problems are symptomatic of a single underlying factor: the institutes usually cannot afford to turn down paying applicants for a particular course, even though it may not be the most appropriate course for them. They cannot afford to schedule programs long in advance because of their limited operating budgets.

#### (4) Instructors:

In Korea, as noted earlier section, there have been allusions to the lack of a reasonably close working relationship between the academic community and business. Undoubtedly there are subtleties of Korean culture that separate the "pure" professor from the commercial-minded businessman.

The most serious complaint from the business community is that, with individual exceptions, most business management professors are too theoretical, unable to relate theoretical concept to reality, and oblivious to cost and profit considerations. Even if a professor is invited to chair a "seminar" and delivers a lecture, he is seldom invited back a second time by the large companies because they usually conclude that the lecture is theoretical and non-applicable.

On the academic side, the most serious complaint is that many businessmen are unable to lift their noses out of their immediate problems, do not understand management tools which do then not show immediate profits, and are blind to the need for future planning.

#### (5) Participants:

Another problem in present and training programs is that course participants are frequently not homogeneous in terms of their level of responsibility, the size of organization they work for, and their educational background and previous experience. Selection of students for courses is quite often performed by the organizations which employ the participants. There is no centralized screening procedure to ensure that participants have similar experiences and interests.



Currently, most programs are seminars designed for large, diverse groups of managers and cover broad subject areas rather than being addressed to limited groups facing particular kinds of problems in particular industries. There are at least two reasons for the lack of programs to meet specific needs:

- 1) Management problems related to particular industries are not clearly understood, and qualified instructors are not, therefore, available.
- 2) Most organizations offering programs hope that by providing general seminars they will attract a large and profitable number of participants.

Since training courses mix students with different levels of responsibility, the training is too difficult for some and too complex for others. For example, several courses which have been designed for strictly top-level executives have been unsuccessful because some participants were low-level manager-trainees. For the most part, the instruction was wasted on the trainees because it was above their level of comprehension. The top-level executives, on the other hand, felt insulted by being expected to sit in a classroom with trainees. They were not totally receptive, therefore, to the training being provided.

#### *4. The Education and Training Environment and the Need for a New Institute*

The environment in which education and training take place has an effect upon the learning experience. The nature of each environment has its advantages and disadvantages. The development of managers can involve either internal programs or external programs. The environment or environments utilized by organizations vary greatly from one firm to another. Some companies concentrate on one environmental situation while others utilize two or more.

Internal management education and training programs, limited to only a few large companies, consist of part-time activities. Meeting on or off company time is at various intervals, and range in length from a few days, to a few months or even years. In addition, full-time programs are offered by some companies at the plant location, or in some cases away from home and plant for a few days.

One of the top managers in favor of internal training program said that internal training program aids in developing all managers to their highest

potential, and insures that the general needs of the organization are better related to job assignments. Another individual interviewed said that internal programs enables individual managers to learn at a leisurely pace. He can reflect on the subject matter studied as he is conducting management activities on the job.

However, some interviewees felt internal management training activities do not and should not aim to cover the subject matter broadly and deeply. The internal courses can only provide guideposts and company policy and procedure; depth and breadth should come from other sources.

Another complaint is that because internal courses and programs are usually designed by and taught by people in the organization, they present only one point of view, and therefore, tend to create conformity within the organization.

Another criticism of internal program is that when presented on a part-time basis, competition for time by the course and the job does not allow the individual to concentrate on the subject matter as intensely as he should for a rewarding learning experience.

A great variety of management education and training programs are found in Korea outside of business organizations. Some of the interviewees consider external programs, such as private management institute, university related institute, and formal university program, to be of sufficient value to justify the cost in time and money, if they are properly operated. The benefits attributed to these programs are that they stimulate and broaden the manager through exposure to new and fresh ideas not only from the faculty and reading assignments but also through the contact with managers from other organizations. These programs enable the manager to get away from his own little world and to come in contact with others so that he is able to see how he compares with other managers and how his company compares to other companies.

The criticism of external management development, as indicated in the preceding section, is in part the theoretical nature of many programs and in part the presentation of points of view and ideas contrary to those of the specific business organization involved.

At times participants find that the concepts being taught in the program have already been tried and discarded by their organization. Another basic criticism was that these programs are too short in length to bring about

significant learning and thus benefits to the individual and the organization.

Another company which has discontinued using outside training programs considers the job of development a responsibility of the individual with the immediate superior communicating needs observed on the job to the subordinate.

In case of university programs, the criticism of external programs of management development are basically concentrated on the university programs of a general nature. The criticism of these programs ranges from general criticism of the concept of these programs to criticisms of specific weaknesses. There is no criticism of specialized industry programs, technical courses, and courses concentrating on specific subjects.

A few interviewees considered the external management development programs provided by universities as being too expensive in time and money. The value of these programs is difficult to measure and there is doubt as to the contribution they made to the individual or the organization. The biggest criticism is that they do not relate closely enough to the job. The participants are not able to take the information and skills they receive in the program and apply it to the job situation.

Some of the mechanical problems which arise through the use of external management development programs are the loss of the services of a valuable manager for a period of time, placing the participant in a favored position, the difficulty of selecting the right individual and the right program, and the cost in both time and money.

Here, I will have a brief look on the most desirable organization or programs in educating and training managers in the future in Korea. For this purpose, a questionnaire sent to the companies, surveyed asking each managerial level to decide the priority order they would give to internal training programs and external programs such as existing private institute, university related institute, undergraduate formal courses, graduate school and new institute.

According to the survey, top priority was given to a new institute regardless of management level. Low management gave the second preference to internal programs; top managers gave the lowest priority to internal programs.

In the meantime, 94% of the firms said they would be willing to send their managers to a brand new institute for education and training. Some 85% said that they would pay for the tuition for managers, 94% said that

the training period should be short-term and outside of office hours,

**Table 14. Priority Companies give to Possible Types of Education and Training Environment and Programs**

	Top Management	Middle Management	Low Management
A. Internal Training Program	6	5	2
B. External Training Program			
1) Private Institute	4	4	4
2) University Related Institute	2	2	3
3) Undergraduate Formal Courses	5	6	6
4) Graduate School (Both Day and Evening Programs)	3	3	5
5) New Institute if more are desired	1	1	1

Source: Sample Survey (N=46)

As indicated above, this is not the first time that surveys have endorsed a new institute.

In 1971, Dr. Robert M. MacDonald prepared a report entitled "Management Education in the Republic of Korea" for the World Bank Education Sector Review.

Dr. MacDonald made the following recommendation, based on his analysis:

"Rather than pursue conventional developments within the formal education system, the strategy adapted here is to focus directly on the most pressing need--namely, the need to offer intensive training in modern management to practicing managers and to structure this training effort in ways conducive to the solution or partial solution of other problems--To accomplish this, purpose, it is proposed that a national management institute be established in Seoul....."

The Institute, MacDonald continued, would incorporate the following features:

- 1) Joint sponsorship by the Federation of Korean Industries, the Ministry of Commerce and Industry and the Ministry of Education.
- 2) It would offer several courses for top and middle management. The top management course, of one or two week duration, would have two objectives: (a) to acquaint leaders with modern management methods and (b) to provide a forum for study of pressing social and economic problems. The middle management course would be about six months in duration and while flexible in format (study and on-the-job projects) would train managers intensively in techniques of financial, marketing,

personnel and operations management as well as business policy. The courses would be taught by a combined team of Korean and international experts, with foreign specialists phasing out after three years.

In February 1972, Dr. Robert Carter of UNIDO prepared a report entitled "Exploratory Mission for the Planning and Establishment of a Management Institute". This was undertaken at the request of the Federation of Korean Industries under the auspices of the Ministry of Science and Technology. Dr. Carter concerned himself with management consulting services, training and development.

In general, Dr. Carter confirmed the MacDonald findings (although he does not refer to them and may have been unaware of the report). His specific proposal was to establish a Korean Institute of Management and Information(KIMI).

On the other hand, however, I cannot overlook the fact that there is strong resistance against the establishment of a new institute among some faculties in the academic circle and the representatives of existing management institutes.

Important reasons raised by objectors are as follows:

- 1) Even if a new institute is established, it can be hardly be expected to be very different from existing institutes, because of the shortage of highly qualified instructors and teaching materials.
- 2) Who shall establish a new institute that is really relevant to the needs of business firms and who will provide the financial resources?
- 3) The appearance of a new institute can be expected to generate conflicts with the existing management institutes. If a new institute conducts long-term education and training programs, it will be in conflict with the existing programs for managers of the graduate schools of business.
- 4) Under present circumstances of Korea, utilizing and encouraging the existing institutes would be more desirable rather than establishing the new institutes, and would be cheaper and quicker.
- 5) There is not enough business for the present institutes because of Korean cultural and business pattern. This will take some years to change and a new instisute during these years would not speed up this change.

### III. Recommendations

I have attempted to pinpoint some of the important obstacles to the better management education and training of managers in Korea. The principal problems areas identified are as follows:

1) Despite the important role of management function in performing national economic growth and developing industries of Korea, the value of the management function is not highly appreciated and is generally underestimated by the most companies and by society. In business firms, the spread of modern management concepts and techniques is slow.

2) Despite the fact that economic growth requires a quantitative and qualitative increase in managers, the owners of Korean enterprises seldom take the long-term view and indulged in a short-term profit maximization philosophy.

3) A consolidated management development planning in this country could not be set up on the basis of close-ties or coordination between government agencies associated with management development, association of business firms, non-formal management institutes and academic circles.

4) Owing to the poor quality of non-formal education and training programs for managers, lack of qualified staffs, teaching materials and methods, etc., the institutes could not meet the present need of education and training for managers sufficiently. The non-formal management institutes do not have enough funds and they find it hard to obtain members.

Solutions to some of these problems can be developed along conventional lines. A case can be made, for example, for support of a strong nationwide management institute which will concentrate its efforts on educating and training managers and on research. There is also a need for a training and research center within the university system but it is not the highest priority. Without a prior change in university attitudes especially among faculty may not even be feasible.

Rather than pursue conventional developments within the non-formal education and training system, the strategy proposes in this paper is to focus directly on what, I believe, is the most pressing need--namely, to offer intensive education and training in modern management to practicing managers, and to structure this training effort in ways conducive to the

easing or partial solution of other problems.

The recommendations which follow amount to a basic strategy for doing an efficient job with limited resources in difficult times and for improving the non-formal management education and training resources of Korea.

This paper makes two major recommendations:

- 1) Improvement of the education and training activities of non-formal management institutes to promote non-formal management education and training on a sound, planned basis that responds to pressing current needs.
- 2) Establishment of a national coordinating and planning committee to the profession of management as a high priority need.

#### **A. Development of Non-formal Education and Training Programs**

Continued and increased attention should be given to improving management programs for those who are already in managerial positions. It is recommended that a number of steps be undertaken to improve the programs aimed at enhancing the skills of persons who hold managerial positions.

##### *1. Strengthening Present Programs*

##### **(1) Programs by Management Level:**

In carrying out management education and training in the future, adequate programs for top, middle and low managers should be established as follows:

- 1) Short-term seminars based on three-to-four day and conferences for top management levels. These seminars should be designed to inform senior managers about matters of immediate relevance such as formulation of business policy, effective planning of business strategies to cope with present conditions, organizational theory and practice, etc., and to provide these managers with expanded opportunities for discussing such topics among themselves.

They would also seek to develop attitudes and capacities that fostered intersectoral cooperation on common problems and to demonstrate the relevance of modern management methods to the activities of all purposive organizations.

Instructors or leaders of seminars and conferences could be drawn from the prominent faculty of universities and from the management specialist of business and management institutes. Fees should be

sufficiently high to cover the costs of the seminars.

- 2) A program of courses developed and designed to improve the managerial competence of present middle managers. Such a program would concentrate on equipping its participants with new and improve general management skills rather than on improving skills in functional areas. In other words education and training for middle managers should enable them to control and lead effectively the many subordinates under their direction.

If courses in this kind of program were scheduled at about three or four-month intervals a manager would be able to extend his understanding of a wide range of management-related subjects without being absent from his position over a long period of time

- 3) Emphasis should be placed on educating and training low level and entry-level managers to be "specialists". The details of such programs should be flexible in order to accommodate the participants needs. The objective, however, would be to train practicing managers intensively in the use of modern techniques--in financial, marketing, personnel and operations management, and in business policy.

#### (2) Improvement of Teaching Materials:

Improvement of teaching materials and technologies should receive a high priority among efforts to further develop management education and training activities in Korea. Shortcomings in these areas are affecting adversely virtually all management education and training programs. Shortages of suitable materials are particularly serious because they not only directly affect the success of a program, but also limit the choice of teaching technologies that can be used.

It is recommended that efforts to improve teaching materials and technologies be concentrated on:

- 1) Identification and documentation of the actual situations and conditions under which Korean management operates, including current Korean business and management practices.
- 2) Development of materials which give more stress to modern managerial principles and concepts and to effective management decision-making.
- 3) Design and preparation of teaching materials and outlines which allow a high level of manager participation.



- 4) Identification and translation, preferably with the inclusion of Korean examples, of teaching materials which have relevance to management in Korea.
  - 5) Adoption of such teaching aids as programmed texts, slides, film clips, etc., for active participation.
- (3) Maintenance of Homogeneity of the Participants:

Non-formal management education and training programs should be directed toward homogeneous groups of participants; that is, managers with similar education, experience and positions. This policy would require clear statement of the selection and admissions criteria in promotional material and enforcement of these criteria in processing applications. Unsuccessful applicants could be directed to other relevant courses.

(4) Improvement of Instructors and Trainers:

In some companies, the current practice of using high-level faculties or industrial specialists as part-time lecturers provides the managers with practical and useful insights into business management. However, Korea is short on able faculties or trainers in effective management education and training.

For a quantitative increase of faculty and trainer and for the qualitative improvements, it will be necessary to train a cadre of instructors by sending them to the advanced countries.

On the other hand, for the faculty and the trainer presently engaged in management education and training, efforts should be made to ensure that their lectures and instructions be relevant to and integrated with the particular course under consideration. Instructors' skills in participative teaching methods should also be sharpened. Many managers want examples discussed which are relevant to realities in Korea and also their own organizations.

## *2. Establishment of a Long-term Management Program*

The present long-term management education and training for managers in Korea do not show good results.

Some graduate schools of business offer non-degree course to managers. But their primary purpose is to give psychological comfort to those who did not receive regular higher education opportunities rather than to truly improve management skills.

Under present circumstances, Korea should establish effective and long-term education and training program for incumbent managers who did not receive formal higher management education.

The program should have a duration of six months or even a year. An approximate sequence of classroom work and business experience could be as follows:

1) One-fifth of the time: classroom work concentrating on topics related to the management of a firm's internal operations, such as organizational theory and practice, managerial accounting and manufacturing policies. This would allow the students to apply their learning to specific business situations in the following period of internship.

2) Two-fifth of the time: internship in business, during which the student would have an opportunity to gain first-hand experience in the problems of Korean management.

3) Two-fifth of the time: classroom work concentrating on more general management topics and subjects related to marketing, business policy and planning, and administrative practices for implementation of managerial decisions.

Within the format outlined above, a number of variations and modifications are possible. For instance, it may be possible for managers not to spend a whole year, but to receive part of the education in temporary courses, evening classes or on Saturday classes.

The program could also be staggered or held four times a year so that the faculty workload would be more evenly balanced and the supply of students available to participating business organizations would be more evenly distributed.

For many smaller businesses, this flexibility would be desirable because having a manager with management potential work for half a year and then be absent for the rest of the year could be disruptive.

This long-term education and training may be carried out by the existing private management institutes, university related institutes, new institutes or by joint cooperation between them.

Before a final decision to introduce such a program, however, an institute would have to determine whether there are sufficient business organizations willing to cooperate. It is anticipated that in the early years of the program,

demands for middle managers would be a key factor in determining enrollments. Most students of the early programs are likely to come from the large business organizations.

Furthermore, since a key factor in the success of work-study programs is the usefulness of the work experience and its relevance to the formal courses, considerable attention and efforts should be devoted to identifying suitable placement opportunities, and providing guidance to students and to the firms involved on what is expected of the work experience and how it should be organized. While all faculty members would participate to some extent in these activities, one member should be specifically responsible for directing the practical experience portion of the program.

### *3. Enhancement of Programs for Managers of Small and Medium Industries*

In most cases, education and training programs for managers of small and medium industry should be considered separately from others.

1) The function of the National Federation of Small and Medium Industry Cooperatives should be enlarged and the Cooperatives should conduct the overall management education and training for managers of small and medium industries.

2) In addition, it would be desirable for private management institute taking charge of education and training of managers of the large firms and university related institutes to prepare additional programs for the managers of the small and medium industries.

3) A considerable portion of the expenses for the education and training of managers of the small and medium industries should be subsidized by the government. The government should induce the managers of the small and medium industries to actively participate in the programs designed for them.

4) The contents of education for managers of small and medium industries, especially for middle managers, should put an emphasis on improving functional management skills.

### **B. Establishment of a National Committee for the Better Management Development**

As stated earlier, various institutes such as private management institutes, university related management institutes, business associations, governmental

agencies and business firms sporadically conduct management development program, and education and training for managers. The existing institutes are in conflict and in competition with each other. For this reason, they fail in their management development efforts.

The importance of management in the continuing development of Korea necessitates a high-level effort to coordinate all those involved in management development. These institutes could not develop a broad program for national economic development on account of scanty resources of finance and staff. Consequently, I recommend that a strong National Committee for the Management Development be established.

It is expected that a timely and well-directed promotional National Committee will make a great contribution to coordinating various existing and new institutes. Such a Committee would eliminate duplication of effort.

This Committee should not be an organization carrying out management development program actually but should be promoting, coordinating and helping the programs of various organization. If this Committee is well operated, it would become a footstool of a powerful nationwide management institute.

Members of this Committee should be carefully selected, since their prestige in the management community could greatly influence the success of the other organizations. I recommend that membership of this Committee be consisted of men of competence and responsibility deeply involved in management development from government agencies, business organizations, academic circles, business associations and private management institutes.

However, since a group with such a broad representation is bound to quite large, the Committee might best work in smaller task forces at the beginning step. In addition, the operating fund for this Committee should be supported by the large firms and the government for the time being.

The function of this Committee should include the following:

- 1) Serving as a coordinating body to get the most out of the small, specialized efforts now being expanded by present organizations which are involved in management development in Korea such as private management institutes, university related institutes, associations, business firms and governmental agencies.

- 2) Disseminating general information on, stimulating awareness of the importance of management education and training, and providing specific

information on management development, arranging conferences, panel discussions, short seminars and the exchange of ideas and information resulting in management development in Korea for interest groups.

3) Transmitting and disseminating information to the business community on such topics as new government policies, business opportunities, sources of capital, and industrial development in Korea or in other countries. Serving as a source of comments, suggestions and feedback on new government policies and proposed economic development plans.

4) Promoting education and training programs for managers, sponsoring special top-level seminars which will increase the demand for existing programs. Offering special assistance to organizations interested in planning their education and training needs for practicing manager. Coordinating training for instructors.

5) Maintaining a list of all management education and training programs offered in Korea, including course descriptions, course scheduling, and foreign assistance being provided, if any, etc.

6) Monitoring the need and demand for potential managers and for improvement programs for present managers, through discussions with managers, market surveys, and the like.

7) Helping to encourage and support research on topics of direct interest to businessmen in Korea. Helping to encourage a positive response to management development programs and training for managers in company programs.

8) Helping to increase the viability of the management function in Korea and could communicate information about careers in management to young people and potential managers working in other jobs.

9) Coordinating with management organizations in other countries, which would result in an exchange of interesting speakers and discussion leaders for regular meetings, sharing of newsletter and magazine, articles and items, exchanging of information on training programs and short courses offered in other countries and possible sharing of visiting management experts and seminar leaders among several countries.

10) Promoting new sources of financing for non-formal management institutes, especially from government, business firms and international agencies.

Each of the foregoing task is related to an existing opportunity for improvement of management development in Korea. The objectives and scope of the proposed Committee go beyond that of an institute or an association. This task should be undertaken in cooperation with organizations which are involved in a management development program.

**Summary:** The following recommendations, presented in summary form, represent the kinds of programs and projects which would have a major impact and which might be considered the situation in Korea.

1) Strengthen the existing non-formal education and training programs for managers through implementation of education and training at various management levels, maintenance of homogeneity of those levels, procurement of teaching materials relevant to Korean situation, and improvement of instructors and curriculums. The financing of non-formal management institutes could be solved to a considerable extent, if the more managers in business firms were attracted to and participated in the education and training program.

2) A long term (more than six months) advanced management education and training program, especially for middle managers, should be established under the sponsorship of an institute.

3) Intensive programs of education and training institutes for managers of small and medium industries should be set up. The program should emphasize functional management areas.

4) Plan for management development and enhance the value of professional management from the point of national economic growth. Promote the activities of new institutes or existing organizations involved in management development by establishing a National Committee for the Management Development.

5) In order to solve the problems and barriers to management development pointed out in this report, and to put those recommendation into practice, the effort of the private sectors is important. However, what is the most important, under present circumstances of Korea, is the favorable government attitude.

## APPENDIX I

### Business Firms Information Data Form

Name of Firm: \_\_\_\_\_

Location: \_\_\_\_\_ Tel) \_\_\_\_\_

President or Representative: \_\_\_\_\_

Key Officials (who can be contacted for more information): \_\_\_\_\_

1. Line of business: \_\_\_\_\_

2. Total capital: \_\_\_\_\_

3. Employees: \_\_\_\_\_

Age Group	Top Managers	Middle Managers	Low Managers	Other Employees	Total
Under 29					
30~39					
40~49					
50~59					
60 and over					
Total					

Educational Attainments	Top Managers	Middle Managers	Low Managers	Other Employees	Total
No School					
Primary					
Secondary					
College or more					
Total					

- Note: 1) Top management--That level of management which has the responsibility for and the authority over major functions in the organization such as production, marketing, finance, and personnel. The job titles most commonly referred to at this level of management are president, vice president, managing director (chunmoo ee-sa), and director (sangmoo ee-sa).
- 2) Middle management--That level of management which falls between top management and low management levels. The typical job titles at the middle management level are department manager (boo jang), assistant department manager (cha jang), and section manager (kwa jang).
- 3) Low management--Low management level includes assistant section manager (kye jang), senior clerk (joo im) and the persons with 3 or 4 years of experiences likely have the promising prospect to be promoted to the position of section manager level.

I. To Top Managers:

1. Among the institutes listed below please list them in the order of preference which you think suitable for top management education and training.

Institution	Preference order
Internal training in your firm	(       )
Private institute	(       )
University related institutes	(       )
Undergraduate formal courses	(       )
Graduate school (both day and evening programs)	(       )
New institute if more are desired	(       )

2. Please name in the order of preference, contents and methods of management education and training program which you consider suitable for your firm.

Contents 1.

2.

3.

Methods 1.

2.

3.

3. Please list actual record of management education and training program you carried out during 1973 and 1974.

II. To Middle Managers:

1. Please list the following institutions in order of your preference for your middle managers.

Institution	Preference order
Internal training	(       )
Private institute	(       )
University related institute	(       )
University (Undergraduate)	(       )
Graduate School (both day and evening programs)	(       )
New institute if more are desired	(       )

2. The contents and methods of management education and training program for your middle managers in order of your preference.

Contents 1.

2.

3.

Methods 1.

2.

3.

3. Actual record of management education and training program for your middle managers during 1973 and 1974.



III. To Low Managers:

1. Please put the number in the right side column in order of your preference for management education and training for your low managers.

Institution	Preference order
Internal training	(       )
Private institute	(       )
University related institute	(       )
University (Undergraduate)	(       )
Graduate school (both day and evening programs)	(       )
New institute if more are desired	(       )

2. The contents and methods of management education and training program for your low managers.

Contents 1.

2.

3.

Methods 1.

2.

3.

3. Please list actual records of management education and training program for your low managers during 1973 and 1974.

- IV. If we form a brand new institute or improve the existing management institutes discussed above, would you send your managers to this institute for education and training?

Yes (       )

No (       )

If yes;

1. Would you pay for the tuition?

Yes (       )

No (       )

2. Would you send your managers during office hour?

Definitely yes (       )

If the time period is short, yes (       )

Only after work (       )

## APPENDIX II

### Non-formal Management Institutes

#### Information Data Form

Name of Institution: \_\_\_\_\_

Location: \_\_\_\_\_ Tel) \_\_\_\_\_

Key Persons (who may be contacted for additional information): \_\_\_\_\_

\_\_\_\_\_

1. Organization Chart:

--

2. List and briefly describe major activities of institution:

Activity	Contents and Nature
Management education and training programs	
Management consultation	
Management seminars	
Publications	
Research projects	
Others (please list)	

3. List and describe each course offered in the field of management:

Course Title	Total Course Hours	Description of Subject Matter	Average Annual Enrollment

4. Historical data on management education and training course:

	1970	1973	1974
Number of courses offered			
Number of classes conducted			
Total participants completing courses			
Cost per student of tuition, books, and teaching material			

5. Principal sources of students:

Source	Average Age	Average Yrs. Exper.	Education Attain.	Current Position

6. List and describe relationships with government agencies and international organizations (such as financial support, training programs, research, etc.):

Name of Agency or Organization	Nature of Relationship

7. List and describe relationships with private business firms (agreements for providing training programs, consulting services, seminars, etc.):

Name of Firm	Nature of Relationship

8. Income by source (please indicate names and amounts received from business firms, foundations, government agencies, international organizations, etc.):

Source:	1970	1973	1974
Total			

9. Expenditure by functional area (training courses, publications, seminars, consulting, research, etc.):

Area	1970	1973	1974
Total			

10. Instructional staff:

List by Position	Educational Attainments	Years of Experience	
		In Business	In Teaching