

Japanese Management in Korea

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I Research Outline

This research was conducted to investigate the management practices of Japanese companies (manufacturing companies in particular) in Korea. It was part of a research project on Japanese management in the five ASEAN countries (Thailand, Malaysia, Indonesia, Singapore, and the Philippines) and the three East Asian countries (Taiwan, Hong Kong, and Korea).

The Korean research team included, besides myself, Professor Shinichi Ichimura of Kyoto University and Mr. Hiroshi Uyama of the Korea Institute for Industrial Economics and Technology.

We used questionnaires and interviews to obtain information. Three sets of questionnaires were prepared. The first set, in Japanese, was sent to Japanese managers in Japanese companies in Korea. The second was the Korean version of the first questionnaire, and was sent to Korean top managers in Japanese companies. The last one was in Korean and was sent to Korean middle managers. We interviewed Japanese managers in 13 companies from March 13 to 20, 1984.

Our discussion and analysis in this paper

are mostly based on the results of the questionnaires. In the other seven countries, questionnaires were not sent to local top managers, so the Korean top managers' responses are not discussed in this paper. The data from interviews are used only to supplement the questionnaire survey.

When this paper was prepared, the results of the Hong Kong survey had not been compiled, so, when I make international comparisons, only the survey results of the other six Asian countries are used.

II Japanese Management through the Eyes of Japanese Managers

Main Features of Japanese Companies

1) Year of Establishment. Japanese investment in Korea started in the early 1960s, and increased gradually thereafter, reaching a peak in 1973. Since then, Japanese investment has either declined a little or remained at a relatively low level. Year of establishment or of equity participation for our respondents roughly corresponds with the time pattern of overall Japanese investment in Korea.¹⁾

2) Japanese Equity Ownership. Korea is known as a country which strictly regulates foreign ownership. But in the Masan

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1) The results of the questionnaire survey are shown in the Appendix.

Free Trade Zone, 100% foreign ownership is not unusual.

The distribution of Japanese equity ownership in the 54 companies we surveyed is as follows.

Less Than 50%	20 Companies
50%	10
More Than 50%	24
(100%)	(17)

Most of the 100% Japanese owned companies are located in the Masan and other Free Trade Zones. In other areas, Japanese ownership is usually 50% or less.

3) Markets. Table 1 shows domestic sales as a percentage of total sales. A Japanese-majority company is a company in which Japanese ownership is more than 50%, whereas in a Korean-majority company, Japanese ownership is less than 50%.

For 11 out of the 21 Japanese-majority companies, domestic sales are zero; all of their products are exported. It is most likely that they are located in the Masan and other Free Trade Zones. Table 1 shows that Japanese-majority companies are export-oriented, whereas Korean-majority companies are oriented toward the domestic market. One of the major rea-

sons for the Korean government to invite foreign investment is to earn foreign exchange through exports. This government policy is reflected in Table 1.²⁾

4) Company Size. Twenty-five companies employ less than 300 workers and those which have less than 500 workers amount to 60% of the total. Only four companies employ more than 2,000 workers. Therefore, the bulk of our respondents are small and medium-sized companies.

As a rule, Japanese companies abroad are small and medium-sized. Korea is no exception to this.

5) Performance. How are Japanese companies performing in Korea? In 1976, soon after the first oil shock, about half of our respondents paid no dividend, and even in 1981, about a third paid no dividend. So, on the whole, the profit performance of our respondents has not been good.

Management Policy

1) Localization vs. Universalism. One of the policy problems a Japanese company faces when it goes abroad is to decide whether to adopt a common management policy and process for all countries or to adapt management to local conditions. In the case of Japanese companies in Korea, over 80% of our 54 respondents have adapted their management to local conditions. Those eight companies which have the same management for all countries are

2) Excepting a few questions, there is not much difference in response between Japanese-majority and Korean-majority companies. Thus, below, unless specified otherwise, I do not differentiate between the two and refer to them as Japanese companies.

Table 1 Market Shares

Unit: No. of Companies

Domestic Sales as a Percentage of Total Sales	Japanese- majority Companies	Korean- majority Companies
0%	11	0
1- 9	3	2
10- 49	3	5
50- 89	3	5
90-100	1	10

Table 2 Japanese Staff

Unit: No. of Companies

No. of Japanese Staff (per Company)	Personnel Managers	Production Technology Managers	Other Managers	Total (Including Non-managers)
No Japanese	19	11	11	2
1	13	20	18	7
2	2	2	3	8
3	0	2	2	7
4	0	1	1	3
5	0	2	1	2
6-9	0	1	1	1
10 or More	0	0	0	2

located mostly in the Masan Free Trade Zone.

2) Sending Japanese Personnel Abroad. Overseas subsidiaries and joint ventures are linked to the global strategy of their parent companies in Japan and receive a supply of such management resources as technology and information, often through Japanese personnel (managers, engineers, etc.).

Table 2 shows the number of Japanese working in the companies we surveyed. Those companies which have one to three Japanese employees number 22, which is about two thirds of the total. Only five companies have more than five Japanese employees. Our 32 respondents have only 3.1 Japanese per company on average.³⁾ One may presume that there are more Japanese in Japanese-majority companies than in Korean-majority companies, but there are no significant differences between the two.

This contrasts with the situation in the

3) The number of respondents is 32 for this question. The response rate is not the same for all the questions.

other five Asian countries (no data for Taiwan); in the Philippines, where the average number of Japanese is smallest, it is 3.8, and for the others, it ranges from 7.0 to 9.4.

Let us now consider the functions performed by Japanese staff. According to Table 2, the largest number are in charge of production technology, facilitating the transfer of technology from parent companies to Korean

subsidiaries.

On the other hand, the number of Japanese personnel managers is small. More than half of our respondents have no Japanese personnel managers. In our interviews one of the most frequent remarks was, "Japanese should not take charge of personnel and labor problems involving locals. They should be handled by local managers." In order to handle personnel and labor problems involving locals skillfully, it is important to be proficient in Korean and know Korean culture, customs and labor practices well, but there are practically no Japanese who meet these requirements.

Our interview results indicate that in Japanese-majority companies, finance and accounting are mostly handled by Japanese staff. In Table 2, finance and accounting managers are included in "other managers."

3) Trouble with Partners on Management Policy. Many Japanese investors have had trouble with their Korean partners concerning technology transfer. Of the 44 respondents, a little over 40% have

experienced a little trouble, and three companies have experienced serious trouble. In our interviews also, we were often told about trouble with partners on technology transfer.

The Korean side asks the Japanese partner to bring the most up-to-date technology. The Japanese partner, however, does not readily comply with this request. The reasons are 1) payments for the technology supplied are insufficient, 2) to supply the most up-to-date technology to a latent competitor may produce disadvantageous results in international competition (the so called boomerang effect), and 3) the secrets of the technology may leak out. Trouble with partners concerning technology transfer seems to have arisen mainly in Korean-majority companies.

Over matters other than transfer of technology, more than 30% of our respondents have experienced some trouble, and this seems to have concerned a wide variety of problems rather than one particular area.

The results of the questionnaire surveys do not show that such trouble is most serious in Korea. Among the seven countries for which data are available, there is the least trouble in Singapore, but for the rest we do not observe any significant differences. As far as the data show, trouble with partners is more serious in Taiwan than in Korea.

4) Adoption of Japanese Management. One of the main purposes of our research was to find out to what extent Japanese style management is adopted in Japanese companies in Korea and what results it has produced.

In Table 3, our respondents are broken down into Japanese-majority and Korean-majority companies, since Japanese management should, presumably, be adopted by the former to a greater extent.

Surprisingly, there are practically no differences in the extent of implementation of Japanese management between the two. That is, in each of the 12 components into which Japanese management is broken down, there are no major differences. Furthermore, employment stabilization, job rotation, emphasis on management philosophy, group responsibility, emphasis on human relations, and egalitarianism—the especially important components of Japanese management—are adopted,

Table 3 The Extent to which Japanese Management is Adopted

Unit: No. of Implementing Companies,
Percentage in the Parentheses

	Japanese-majority Companies	Korean-majority Companies	Total (Including Others)
Employment Stabilization	14 64%	17 77%	37 69%
Seniority-graded Wages	13 59	13 59	33 61
Seniority-graded Promotion	10 45	12 55	28 52
Job Rotation	7 32	9 41	20 37
Emphasis on Management Philosophy and Objectives	13 59	16 73	38 70
Flexible Management	10 45	8 36	21 39
Group Decision-making	9 41	9 41	24 44
Group Responsibility	6 27	6 27	14 26
Emphasis on Smooth Human Relations	13 59	8 36	36 67
<i>Ringi</i>	13 59	14 64	35 65
Egalitarianism	7 32	6 27	17 31

excepting the last two, to a greater extent in Korean-majority companies.

It is surprising that in Korean-majority companies, where the Korean side controls management and holds top management posts, Japanese management is adopted to the same extent, or even to a greater extent, than in Japanese-majority companies. This fact is particularly worth noting.

Among the various components which characterize Japanese management, those which are adopted by more than two thirds of our respondents are 1) employment stabilization, 2) seniority-based wages, 3) emphasis on management philosophy, 4) emphasis on human relations, and 5) *ringi*. On the other hand, the least popular components are, group responsibility and egalitarianism. Also, not many respondents use job rotation and flexible management.

Let us now compare the Korean situation with that in other countries in Asia. Is Japanese management adopted in Korea to a greater extent than in the other six countries? To answer this, we added up the percentages in the right hand column of Table 3, i.e., the percentage of companies using each of the 11 components of Japanese style management. The total for Korea is 561, which is larger than for any of the other six countries. The second largest is Singapore's 533 and the third Taiwan's 517. The smallest figures are 356 for Thailand, 414 for the Philippines and 421 for Malaysia. Therefore, Japanese management appears to be adopted to a greater extent in Japanese companies in Korea

than in any of the other countries covered.

5) Employment Stabilization. One major feature of Japanese management lies in attaching importance to human resources. Japanese management are careful in recruiting employees, give continuous education and training to them once they are employed, and try to reduce their turnover.

In Korea labor turnover is higher. Not only ordinary workers but also managers and engineers go to other companies if they are offered higher wages and better working conditions. Many of the Japanese managers we interviewed were worried about this problem.

Then, in order to stabilize employment, what measures are taken by Japanese companies in Korea? Many Japanese companies use seniority-based wages, commendations for long service, internal promotion, and continuous training. These four measures are adopted by about two thirds of our respondent companies. In the other six Asian countries also, these measures are adopted by many Japanese companies.

6) Suggestion Schemes and QC Circles. Japanese suggestion schemes and QC circles are now world-famous. As many as 90% of our respondent companies are using suggestion schemes and as many as 80% QC circles. These percentages are the highest among our seven Asian countries. Of the other six countries, the highest figure for use of QC circles is in Taiwan (66.2%) and the lowest in Indonesia (29.3%).

It may be thought that suggestion schemes and QC circles are used to a greater

extent in Japanese-majority companies than in Korean-majority companies, but this conjecture cannot be supported by our survey data, which show that there are practically no differences between the two.

At this point, it should be pointed out that to organize suggestion schemes and QC circles is not necessarily the same as to make them take root in a corporate organization and bear good fruit continuously. In our interviews we got the impression that they had not born fruit yet in most of the companies. The formal structure of suggestion schemes and QC circles exists in many companies, but for them to take root in an organization and bear fruit remains the task of the future for most of those companies.

Reward System

1) Wages. Most Japanese companies in Korea use a fixed wage system, and some combine it with an incentive system. There is no company which uses an incentive system alone. As to the method of wage computation for ordinary workers, a combination of a daily rate with a fixed monthly salary is most numerous, followed by a daily rate and fixed monthly salaries.

As to the criteria on which the determination of wages is based, "overall rating" is most numerous, accounting for about half of the respondent companies. The next most common criterion is "job category." Few companies use seniority alone as the criterion for wage determination. On periodical wage increases, 41 companies, or about 70% of the respondents differentiate increases based on job evalu-

ation.

Does the Korean wage system differ from those in the other Asian countries? Our survey data shows that there are no major differences.

2) Fringe Benefits, Bonuses, and Retirement Payments. One feature of the Japanese monetary reward system is that bonuses are important. Japanese companies in Korea also pay bonuses. Managers' bonuses are 0.2 months more than workers' but the difference is small. A little over 50% of the respondents pay bonuses amounting to four months salary and some companies pay bonuses amounting to five or six months salary. In our other six Asian countries, bonuses are much lower, ranging from 3.0 months in Taiwan to 1.5 months in the Philippines (for managers).

Let us now look at the retirement benefit system. Retirement payments can be divided broadly into lump-sum grants and pensions. Most Japanese companies in Korea give lump-sum grants when their employees quit or retire (52 out of 59 companies).

As to the basis for computation of retirement grants, one should note that it is total pay, not basic salary as in Japan. Bonuses, overtime payments, and various other kinds of payment are included in the base for the calculation of retirement grants. Therefore, it is not uncommon that they amount to a substantial sum.

Internal Promotion and Training

It is said that Korea is a more seniority-based society than Japan. To what extent,

then, is promotion in Japanese companies in Korea based on seniority? In less than 10% of our respondent companies is promotion based on seniority alone. This is less than the number of companies which base promotion on merit. In a little over 70% of the companies, promotion is based on a combination of seniority and merit.

In the other six Asian countries, only a few companies base promotion on seniority alone. On the other hand, the percentage of companies which base promotion on merit ranges from 26.9 to 41.7, even if we disregard the exceptionally high 65.2% in the Philippines, which is higher than the 19% in Korea. Therefore, we may say that Korea is somewhat unique in relying more on seniority (a combination of seniority and merit).

Next, let us look at which method of filling vacant positions, internal promotion or recruitment from outside, is used. The data from our questionnaire survey show that internal promotion is most common, accounting for about three quarters of the total. In only one company is recruitment from outside the major method of filling vacant positions. In the remaining companies both methods are used. Internal promotion, which characterizes Japanese personnel management, is used by most Japanese companies in Korea, whether they are Korean-majority or Japanese-majority ones.

With respect to training, our questionnaire data show that the most common method of training is on-the-job training. About three quarters of the 59 respondents

use this method. On the other hand, off-the-job training is not very common. Less than 20% use it.

What is worth noting is that about three quarters of the companies surveyed have sent employees to Japan for training. This method has been used by both Japanese-majority and Korean-majority companies to the same extent. In our interviews we found that those who went to Japan had not attended formal seminars, lectures, and training sessions, but that they had acquired knowledge and know-how by working together with Japanese in factories and engineering rooms. On training, we want to note in passing that the methods used in Korea are similar to those in the other six Asian countries.

Labor Relations

1) Trade Unions. Not many Japanese companies in Korea have trade unions. According to our survey results, those which have trade unions number 17, whereas those which do not number 42. As to the type of union, there are more industrial and enterprise unions than craft and regional ones.

In the companies which do not have trade unions, is there any kind of employee representation system? In more than half of the 43 respondents, an employee representation system exists. If those with an official committee are added, about 90% have an official body to represent employees.

2) Industrial Disputes. Japanese companies which have had serious disputes number five, which is about 10% of the total, but if those with minor disputes are added,

about two thirds have experienced industrial disputes, and they exceed by far those which have not had any disputes.

How does this situation compare with that in the other six Asian countries? The percentage of those which have experienced industrial disputes (serious or minor) is 42.2 for the Philippines, 38.7 for Singapore, 56.6 for Malaysia, 65.0 for Thailand, 60.4 for Indonesia, and 37.3 for Taiwan. The Korean percentage is the highest except for Thailand. These data show that among the seven Asian countries surveyed, Korea is, along with Thailand and Indonesia, afflicted most frequently with industrial disputes.

What are the sources of disputes in Korea? According to our survey results, the most common source of disputes is salaries, followed by the welfare program.

III Japanese Management through the Eyes of Local Middle Managers

Motives for Coming to Present Company

Our Korean middle manager respondents have been with their present company for 8.7 years on average, and have changed jobs 1.8 times. What were their reasons for choosing a Japanese company? The most common reason given is better working conditions, followed by more chance of learning new technology and stable employment. Not many give salary and higher status or position as their reason.

Management Style

How do Korean middle managers view Japanese style management? Those who

consider the management style in their company authoritarian number 25, whereas those who consider it participatory number 56.

Next, questioned about the extent to which they participate in management, 21 said that they participate fully, while 48 said that they participate a little. Thus 69 Korean managers, about 84% of the total, feel that they participate in management, while only 11 respondents said that they do not participate at all. Thus, we may say that Japanese companies in Korea are mostly using participatory management.

Let us now look at communication between local and Japanese managers. To the question asking whether they face any barriers in communicating with Japanese staff, 48 said yes, and 31 said no. What are reasons for the communication barrier? Four major communication barriers are language, customs, values, and orientation towards Japanese headquarters. The first three factors were also frequently pointed out in our interviews. For example, one interviewee said, "The Koreans and Japanese look similar. And Korea is near Japan. So, we tend to forget that Korea is a foreign country and Koreans are foreigners. The number of Japanese who can speak Korean is small. Furthermore, customs and values differ a great deal between the two countries. Therefore, communication between Koreans and Japanese is so much more difficult."

Morale and Satisfaction

How is the level of morale and satisfaction of Korean middle managers? One

noteworthy thing is that as many as one third of them are dissatisfied with their pay. Excepting pay, Korean middle managers are mostly satisfied with their job responsibility, relations with their bosses, and relations with their peer group. Also, with the prospects of advancement, 80% of them are satisfied.

Let us now compare these results for Korea with those in our other six Asian countries. There also, local middle managers are most dissatisfied with their pay, but the percentage of those who are dissatisfied, ranging from 21.8 in the Philippines to 9.1 in Thailand, is much lower than the 35.4 in Korea. For other items, the level of satisfaction or dissatisfaction is not much different in Korea and the other six Asian countries.

Next, to the question asking whether they are proud of working for their present Japanese companies, over 90% of the Korean middle managers said yes.

The above data show that although about one third of Korean middle managers in Japanese companies are dissatisfied with their pay, most of them are satisfied with other items and are proud of working for their companies.

Group Orientation

One characteristic feature of Japanese management is, as is often pointed out, emphasis on team work rather than individual performance. That is, it is group-oriented management. To what extent, then, is this feature manifest in Japanese companies in Korea?

To the question asking whether they

attend management meetings, 22 Korean middle managers said that they attend regularly, 24 said that they attend sometimes, and 35 said that they do not usually attend. In such management meetings, and other occasions, about 80% of the respondents have an opportunity to express their opinions.

Next, let us consider the question of whether Korean middle managers hold group meetings with their subordinates and make group decisions themselves. Thirty-nine of them hold such meetings regularly, 39 from time to time, and four not at all.

What are the purposes of these meetings? "Problem-solving" was chosen by the largest number of our respondents as the main purpose of group meetings. Next came "goal-setting," followed by "communication."

Do Korean middle managers prefer their subordinates to achieve a goal through team work rather than perform good work individually? According to our survey results, all the respondents said yes to this question.

We cannot say, however, that Japanese companies emphasize group responsibility in Korea more than in the other six Asian countries. For example, the percentage of middle managers who attend management meetings ranges from 88.7 to 74.4 in those six countries (Taiwan's figure is highest and Singapore's lowest), and these are higher than Korea's 62.8. Also the percentage of those who often or sometimes express opinions in management meetings is 76.7 in Singapore, which is a little lower

than Korea's 79.5, but the percentages of the other five countries are higher than Korea's. Thus, we can say that Japanese style group-oriented management is widely practiced by Japanese companies in the seven Asian countries, including Korea.

Motivation

What incentives do Korean middle managers consider important in order to motivate workers? "Good human relations" and "excellent leadership encouraging team work" are the two most important reasons. Money is naturally important, but the two factors just mentioned are as important as, or more important than, money. "Self-managing work group" and "job enrichment" are two other important motivating factors. In work groups, Korean workers seem to want to meet social and self-realization needs, not only economic needs.

Let us compare the Korean results with those for the other six Asian countries. Our survey data show that both money and human relations are important motivating factors in all seven countries. In the Philippines, money is a more important incentive, whereas in Malaysia, Thailand, Indonesia, and Korea, human relations are more important. Only in Taiwan are human relations not considered important. In all seven countries, "self-managing work group" and "job enrichment" are not very important.

Egalitarianism

In a Japanese company, the president, factory manager, and ordinary workers

use the same canteen, wear the same work uniforms, and use the same toilets. This egalitarianism is considered one important feature of Japanese management, and is attracting attention throughout the world. How do Korean middle managers view this egalitarianism?

To the question about whether private offices should be provided for managers, only one chose yes, and the remaining 82 said no. Like Japanese, they seem to think that one large room is good enough.

This is one important characteristic of Korea when compared with the other six Asian countries. In these countries, the percentage of those who think that private offices should be provided for managers ranges from 51.7 in Thailand to 18.9 in Indonesia.

Next, how do Korean middle managers feel about participating in the sports and other social activities of ordinary workers? About 80% of them would like to participate. About the same percentage would like to attend a company annual dinner together with ordinary workers. To these two questions, however, the Korean response is similar to those in the other six Asian countries.

To the question about whether middle managers eat together with ordinary workers in the company canteen, 76 out of 82 said yes. To the question about whether managers should be entitled to a different restaurant from ordinary workers, only four answered yes. Managers' willingness to eat together with ordinary workers is not so common in the other six Asian countries. For example, the percentage of middle

managers who do not eat together with ordinary workers is a little over one third (37.7%) in Indonesia and 10.6% in the Philippines.

The Strengths and Weaknesses of Japanese Management

How do Korean middle managers evaluate the management of their company? Most Korean respondents chose the minimization of status differences as a positive feature of Japanese management. About two thirds of them made this selection. On this point, Korea is similar to Singapore, but differs from the other five Asian countries. In these countries, not many respondents made this choice.

The next three most popular choices among the Korean managers are, good human relations with Japanese staff, opportunities to learn new technology and know-how, and Japanese managers' willingness to mix with local workers. These three features are also popular choices in the other six countries.

On the other hand, not many chose no lay-offs and no severe punishment in Korea. This was also the case in the other six countries.

Next, let us consider what local middle managers regard as the weak points of Japanese management. The most frequent choice of Korean middle managers is slow decision-making, followed by no individual responsibility. These two features are selected as the weaknesses of Japanese management by middle managers in the other six countries to the same extent.

Fourteen middle managers selected poor

management system as a weakness of Japanese management. Among the people who chose several weak points, this was by far the smallest. This choice pattern is observed not only in Korea but also in the other six Asian countries. Probably, many local middle managers recognize the superiority of the Japanese management system.

IV Characteristics of Japanese Management in Korea

Adoption of Japanese Style Management

So far, we have been discussing Japanese management in Korea, mostly based on the results of questionnaires for Japanese top managers and Korean middle managers. In doing so, we sometimes compared the Korean results with those in the other six Asian countries—the Philippines, Singapore, Malaysia, Thailand, Indonesia, and Taiwan. In this last section we want to put our findings in perspective.

In Question 18 of the questionnaire for Japanese managers, Japanese style management is broken down into 11 components, and we asked about the extent to which each of these is adopted. One important finding from the responses of Japanese managers is that as a whole, Japanese management is implemented to a greater extent in Korea.

Among those factors which characterize Japanese production management are suggestion schemes and QC circles. In Korea, about 90% of Japanese companies use suggestion schemes and 80% QC circles. These are adopted to the same extent in Japanese-majority and Korean-

majority companies. As we have seen, compared with the other six Asian countries, these percentages are high.

Let us now look at the implementation of Japanese style management through the eyes of Korean middle managers. Their responses also confirm that Japanese management is adopted to a greater extent in Japanese companies in Korea than in the other Asian countries.

For example, to the question about whether managers should be given private offices, 82 out of 83 Korean middle managers said no, and only one said yes. In the other six Asian countries, however, 20 to 50% of the respondents said that managers should be given private offices. Also, to the question about whether managers should eat together with workers, a similar pattern of responses is seen. To the question about whether pay increases and promotion should be based primarily on merit or seniority, Korean middle managers value seniority more than those in the other six Asian countries.

To sum up. Among the seven Asian countries including Korea, Japanese management seems to be adopted to the greatest extent in Korea.

Discrepancies with Interview Results

Most of the findings from our interviews correspond with those from the questionnaires. But there are some which cannot be obtained from the questionnaires or are somewhat inconsistent with their results. Below, we want to discuss some of our interview results, in order to complement the questionnaire results.

All the Japanese managers we interviewed emphasized that Korean management was different from Japanese management, and that because of this, it was difficult to introduce Japanese style management to Korea and make it work there. What did the Japanese managers regard as the Korean style of management?

One characteristic is top-down management. The founder-president exercises strong leadership. His subordinates rarely express their views. While Japanese management can be characterized as bottom-up and participatory, Korean management can be characterized as top-down and authoritarian.

Next, Koreans, from managers to ordinary workers, are individualistic. They are self-assertive. When their views differ on such occasions as meetings, they are not good at settling their differences and reaching agreement. As a whole, their behavior is individualistic, and they are not good at team or cooperative work.

Because of their individualistic tendency, it is difficult to create an information-sharing system in a corporate organization. Information flows mostly from a superior to his direct subordinates, and there is little bottom-up or horizontal flow. And, when a Korean engineer or worker obtains a particular piece of information or acquires some know-how, he tends to make it his own and not to share it with others.

The Japanese managers also emphasized that the percentage of workers staying in the same company was not very high. According to them, not only ordinary workers, but also engineers and middle

managers, do not hesitate to quit. About moving to another company, they do not have any guilty feelings. Nor does the company which hires them evaluate such people negatively.

After hearing these remarks by Japanese managers, we came to feel that Japanese management differs considerably from Korean management, and that Japanese management has not yet taken root in Japanese companies in Korea. As pointed out earlier, our questionnaire survey shows that 80% of the respondents use QC circles, but

we should be careful in concluding from this that QC circles have taken root and are bearing fruit in Japanese companies in Korea. Of the companies in which we conducted interviews, most use QC circles but few have had satisfactory results.

What was pointed out about QC circles seems to apply to Japanese management as a whole. Although the formal structure of Japanese management has been adopted by many Japanese companies in Korea, the substance of Japanese management does not seem to have taken root there yet.