

## The K-Strategy: The secret to Korea's success

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In September 2011, the cover story of a Brazilian magazine (Negcios) was on Korea's economic success, which noted that Korea's speedy culture ("Ppali ppali") and imitation were the two drivers of the country's growth. Although these two factors have contributed to Korea's recent economic growth, we cannot attribute Korea's success over the last several decades to merely speed and imitation. There are more important factors that have allowed Korea to achieve the growth that it has, which can be summarized by the country's agility, benchmarking, convergence and dedication, dubbed as the K-Strategy.

### Speed and precision

The New York Times discussed Koreans' obsession over speed in an article titled "Connected, Yes. Competitive, Maybe," published on Sept. 29, 2011. Among other things, the article acknowledged Korea's speedy culture, but concluded that this obsession over speed has not contributed much to developing Korea's national competitiveness.

However, when taking a closer look at Korea's history and path to growth, one can see that speed has been one of crucial elements to Korea's development at both national and

corporate levels.

For instance, the economic growth that Korea experienced in the 1960s and 1970s would not have been possible if it weren't for former President Park Chung-hee's speed-oriented industrialization policies. On the corporate side, Hyundai Group founder Chung Ju-yung was one of the first Koreans to earn global recognition due to his ability to provide premier quality products at reduced manufacturing periods.

I once asked a person in the shipbuilding industry as to how Korea is able to maintain its global leading position when other nations such as Japan are more technologically advanced and China has cheaper construction capabilities.

His simple answer was that Korean companies build good-quality ships accurately and quickly. Japan's artisanship or "monozukuri" in Japanese method is too time-consuming and therefore is not able to sufficiently adapt to or incorporate evolving customer needs. Chinese companies benefit from cheap production costs, but are not able to match Korea's quality. Korea's competitiveness, therefore, stems from its speed based on precision, which in essence, is agility.



#### Benchmarking

Another word that people used to describe Korea is "imitation" if put nicely, and "counterfeit," if put negatively. Although many may interpret these words to have identical meanings, there are subtle differences to be noted. Counterfeits only mimic or forge what appears externally; for instance, one can mimic the design of a Chanel purse, but cannot mimic its premium fabric or exquisite production process.

On the other hand, imitation can lead to further development and the surpassing of the original exemplar. For instance, many of Samsung Electronics' original goods were

produced by examining and imitating Sony's products. The same is true for Hyundai Motors, which manufactured automobiles by studying and imitating American and Japanese cars.

The reason why we do not call Samsung or Hyundai counterfeit is that they have grown beyond imitation and have essentially reached the global standard — “Red Ocean +  $\alpha$  > Blue Ocean” — where they have added their own unique strengths to the original targets that they imitated. Thus, by appending their strength to the global standard through benchmarking, Korean companies have been able to produce goods that are better than those of their original exemplars.

### Convergence

Bibimbap, a popular Korean dish, can be used to analyze certain elements of business competitiveness. First, bibimbap encompasses all important nutritional ingredients, such as carbohydrates, vegetables and meat. Second, there are a variety of tastes that can be created depending on what ingredients are used. Third, the preparation and consumption of bibimbap are very efficient. Finally, one can easily control the amount of distribution. An important item to note is that we need to always mix the proper ingredients since some inappropriate combinations may deteriorate the taste and even impair one's health temporarily.

Steps in preparing good bibimbap can be applied when firms diversify their businesses. For instance, we saw Sony fail with its venture into the software industry as it was a “bad combination of ingredients.” Sony also expanded its legacy electronics business into the entertainment industries such as music, movie and video games, and was not able to gain any synergy with these expansions.

The important question to ask when expanding or diversifying businesses is whether there will be synergy-creation from “mixing” the different business areas. If a new form of global standard emerges, effective convergence would be the vital force for competitiveness. Samsung's launch of the Galaxy series is a good synergistic example of Samsung's legacy electronics business and smartphones. If Samsung utilizes this bibimbap strategy effectively, it will only be a matter of time before the Samsung Galaxy triumphs over the iPhone.

### Dedication

Everyone knows that laziness can never benefit an individual or a country, but one must also realize that diligence alone does not promise success. For instance, countries that practiced tyranny effectively made their citizens diligent, but were unable to experience national development. The Japanese are also often considered an assiduous people, but have not seen any meaningful growth over the last couple of decades. The reason for these failures is a lack of goal-orientation.

Koreans, on the other hand, have a goal in mind and do everything in their ability to achieve that goal. There is a Korean saying “Juk-gi-sal-ki-ro,” which means “life or death,” used to describe extreme hard work and preparation. Olympic Judo gold medalist Kim Jae-bum

stated that he was finally able to win the gold in London versus the silver he won in Beijing because he changed his mindset from “Juk-gi-sal-ki-ro” to just “Juk-gi-ro” (death or nothing). Although this was an amusing word game by Kim to some degree, we can see how hard the Korean people work and prepare to achieve their goals.

From a corporate perspective, POSCO founder Park Tae-jun used to teach his employees the spirit of “Right turn.” This meant that workers should either achieve the goal or jump into the sea on the right side. Of course, this practice should be taken more figuratively in today’s world, but we can see strong goal-orientation of the Korean people.

The ‘ABCDs’ of comprehensive competitiveness

Western scholars have attempted to analyze Korea’s success for years, but have been unable to come up with a comprehensive explanation. Some have attributed Korea’s success to a Confucian work ethic and others to an export-oriented policy. As stated in the introduction, the Brazilian magazine (Negcios) has attributed Korea’s success to speed and imitation. All of these interpretations are incomplete, and are not successful to identify Korea’s true secret to success as the “ABCDs” of K-Strategy do.

The ABCDs of K-Strategy show that Korea’s recipe of agility, benchmarking, convergence and dedication together have supported and will continue to drive Korea’s growth.

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