

Successful Business With the Republic of Korea



By Adolf Kurt Leemann

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If you can answer the three questions with a "No", then you have understood some basic ideas.

- (1) Are all people the same ?
- (2) Are people in Asia the same ?
- (3) Is successful business with the Republic of Korea (hereinafter "Korea") founded on European-oriented business principles ?

The first stumbling-block that you will continually encounter :
In Asia everyone always tries to ask questions in such a way, that a positive answer can be expected !

Korea's psychological nature is based on a more than 4'000 year old historical development of this peninsula.

The native language, hangul, is written using an alphabet of letters containing only 24 symbols. The words are written in the form of a collection of syllables. For unambiguous specification about 2'000 Chinese characters are needed in addition. As to numbers two systems are used. Numbers concerning, for example, people and the time of day use the Chinese system, or numbers come from the hangul. The counting system goes in units of ten thousand (man):

Western :		In Korean :
10'000	= man	1'0000
100'000	= ship (10) * man	10'0000
1'000'000	= baeg (100) * man	100'0000
10'000'000	= tschon (1000) * man	1000'0000

The hierarchical Confucian, social system set the pattern for the entire social and business life and is the incontrovertible apex of the pyramid

As a guest, always try to bear this fact in mind.

As a businessman, it will guarantee your success.

Always make sure of being introduced formally.

For your stay Choose the “right hotel”. All local international hotels are party owned by the large Korean family-owned companies (chaebol). It won't help you to stay with the “competitors”.

It is important and advisable to have oneself introduced to every negotiating partner or to every company by a person who is socially well-known and of hierarchical high standing (an advisor).

Always assign task to a male person.

Only in this way do you rouse serious attention and willingness for contact in your negotiating partners.

Apply this consistently and do not storm into any office without your advisor's confirmation by phone.

Business decisions after meeting with you will always be presented by a collective to the chairman or president, who makes the decision. This more often than takes far longer than you hope it would.

For all enquiries always engage your advisor. Direct contact forced on your own mostly results in states of uncertainty and additional delays.

Try to pronounce place names correctly eg :

Seoul = So'oul; Pusan = Pu-San; Taejon = Tae-jon; Cheju = Chae-joo; Chun'on = Chun-chon

Like a log in a turbulent river let yourself be gently led towards the goal. Your advisor will lead your unharmed and, often unnoticed by you, around the obstacles and overcome the wildest waves for you

Always carry sufficient business cards with you.

Every Korean has his definite place in the hierarchy. From a simple unskilled worker to the chairman of a large concern there are 23 grades and corresponding titles. These are always given in Chinese characters.

In order to be able to assess you correctly, your Korean partner need your business card. It should have the company stamp, your name and your position clearly evident in English and corresponding to your Asian position. Just marking your card with export manager or similar vague title will hardly give you a chance to be introduced to serious partners. In case o doubt, make no indication of position.

As a guest you have to present your card first as you are welcomed, without being asked. At the same time your partner's cards will be handed to you according to their rank and position.

Make a note of the date on the business cards handed to you and, as a memory aid, put them on the table in front of you according to the seating plan. Also, always have a note pad and pen ready. Keep your calculator in the briefcase for the moment. (Pronounce the names properly : KIM = Gim; CHOI = Chae; YU = Yoo; SHIN = Shin

Experience shows that you need about 100 business cards every 3 days. Their measurements must be 9.0 x 5.5 cm, so that they fit in the average, Korean, card files. Outsize cards only find their way to the trash.

A Korean translation of your business card on the backside would no doubt be fascinating for you. Better keep this side empty, so you can note down your hotel's address. If you choose to get a Chinese translation, you may get attention, but this does not make you accepted as a member of the community.

Correct dress is obligatory. You should usually settle for a suit and tie.

“In Asia, too, a book is judged by its cover.”

Even your perfect English can be understood in different ways.

Accept that English is a foreign language for your partners and will, in most cases, not be spoken perfectly by them.

English is founded on European philosophy which is familiar to us but not to your partners.

Communication here follows hierarchically construed structures. Everyone has, according to his personal social standing, to be addressed in proper manner.

There are 5 grades of politeness. This may lead to insurmountable problems in communication. Communication between the leading top executives, the clerks and the employees is always done through one or more go-betweens. This task is only conferred upon locals, therefore your co-operation relating to this is not wanted.

Try to take the cultural and language differences into account.

When talking use very simple and short sentences.

Write technical terms on a piece of paper. Koreans have spent years learning English at school and can often recognize a written word when they cannot understand the spoken one. Help look up these technical terms in dictionaries and remember that translations do not always match exactly with what is meant.

Koreans often use the expression, "We can do." It translates roughly as "We shall try (perhaps with your assistance) to solve the problem in accordance with your wishes or to build up and extend a successful production."

Writing short notes down as you go can be useful.

The smiling nods of your partners in no way testify that your statements are understood in accordance with your intention. Cultural barriers are much larger than we think they are.

Never answer a question with a definite "No"

Never appear too self-assured.

Local experts have a well, drummed-in, technical knowledge at their disposal, often presenting itself like a “walking dictionary.” They are usually well informed about your competitors products and figures of turnover.

In negotiations never display the power of your position. Your advisor has already introduced you. Presented your business card and so you are now in the company of the correct people for you.

Try to stick on the principal topic in negotiations. Under no circumstances wander off into questions of detail on your own. These may not have been taken into consideration yet.

Answer the same question with exactly the same answer – be careful not to get caught napping !

For Western business people this is usually difficult to manage. This is one of the ways that your partners reassure themselves precisely of the position of your negotiations.

The questions are rather like an Asian counterpart of our “catch questions.”

In financial matters make sure of the necessary scope (flexibility, negotiable margin) beforehand.

Up to now products from Europe and the USA are, for politico-economic reason, allowed a wholesale price that is up to 10% higher compared with equivalent Japanese products.

Your partners too are obliged to furnish proof of payment with regard to finance. In the final agreement there may be a margin of difference.

Take this into account in your basic calculation.

The successful deal will often be found “in the middle.”

Try to present your suggestions as a guest of this country, not only as a businessman.

Unsavory jokes in public are frowned upon as a way to make a more relaxed atmosphere. This does not mean that the Koreans are to be classified as lacking in humor. Private meetings will convince you of the opposite !

Establish inter-human relations.

Legalized, stamped and seal-affixed contracts only consist of paper, color and ink; they are not considered as binding here as in the west.

Through the making of a contract, an attempt is made by means of third language to work out the scope for the two culturally different partners who trust each other as human beings to work together.

Accept short and flexible contracts.

The details of the contract are not important.

It is important who signed the contract with whom. This partner is counted on, and for him “a door” is almost always left open.

For your supplies, however, demand irrevocable letters of credit (L/C) at sight of the documents of TI transfer in your country's currency. All local banks are partly state-owned. Therefore dates of payment are mostly kept to

Credit-worthiness in 1991 = 68,6 % = 19th out of 122 nations.

In deals with large concerns demand their official confirmation of the order and the corresponding bank guarantee.

In deals with middle and small holdings you can accept a photocopy of the L/S at sight or TI transfer in your country's currency.

Try to settle disagreements directly by means of your personally built-up friendship.

If you don't come to a direct agreement, consultation with a private go-between (*dae li in = substitute*) pays off.

Taking legal action brings the disadvantage that at least one partner is sentenced and therefore also loses respect and “face.”

Winning a case in Korea mostly ends with loss of the market. For that reason products of worse quality and higher prices have already taken place of proprietary articles which are known all over the world.

Praise your Koreans partners.

Despite the rough exterior, Koreans have sensitive hearts. They are also some of the most hardworking inhabitants of the earth and have paid the price for their relatively high standard of living.

The people are indoctrinated daily by the local media from the cradle to the grave that is is South Kore which is “the hub of the universe.” This is professionally and systematically drummed into the young from the kindergarten upwards.

In everything you do, don't draw direct comparisons with Europe.

Enjoy the sunny side and the positive motivation of these people.

Pass over the dark side in silence. Remember, in Europe there isn't sunshine everywhere, always either.

Through prise, thousands of people are positively motivated an their work can be of benefit to you.

As a businessman try not to wander off into politics.

If you are well-verse in history, point to the heydays of the Three Kingdoms period (Koguryo Paeche and Shilla) of the Korean peninsula. Talk about culture.

Try to be a friend and be constructive. Don't play the schoolmaster. You don't receive a schoolmaster's salary !!!

Praise is balm to the soul and doesn't cost anything.

Let yourself be entertained and you entertain, too.

Koreans are an exceedingly sociable people full of the joy of life. They are experts at holding “proper feasts.”

These events are also to show your ability to hold a drink and willingness to sign in a public setting. You are not expected to consume vast amounts of alcohol (Beer, Whisky, Soju, Makkoli, etc.) or that you have to compete with Caruso's voice. “Vo Luzärn gägä Waeggis zuä” or any popular song will always get you a warm applause.

For genetic reason, however, most Asians can take far less quantities of alcohol than European can. Try to set a limit on your hosts' generosity which comes from the bottom of their hearts in the form of ;lying you with enormous amounts of alcoholic drinks by firmly refusing. As a friend you are obliged to make sure that your hosts are fully fit for work again the next day, something that is expected from you as well.

You will certainly acquire a taste for the rich and healthy Korean cuisine and the great variety of local beverages. Garlic in large quantities traditionally goes with most dishes, and pickled Chinese cabbage, kimchi, practically covers the entire requirement for vitamins. Marinated Beef, grilled on a charcoal fire and prepared at the table, bulgogi, is one of the favorite dishes of most Koreans. You will be invited to these meals. You will never be offered dog soup and snake meat, don't worry.

Your partners on the other hand expect that you introduce them to Western culture, and that you feel at home. Therefore, it is best to invite them to your hotel's French Restaurant ... which belong to some of the best in the world. Cocktails, hors d'oeuvre, anentree, an dessert with appropriated wines should be organized.

The bill must be settled by you don't have to conceal the sum from your partners. The larger the amount the higher your prestige.

Gold-painted matchboxes of the restaurant where you have treated your partners get you the unreserved respect and pride on their families and firms.

Get to know your partners well

Try to give all business relation a personal touch.

Before a meeting inform yourself about your partners in detail. The Korean Chamber of Commerce in many countries can help you obtain any necessary documents.

Try to find out about your partner's family background in a relaxed conversation. Ask if he has children, he might mention his sons. Ask about the children and find out what they are doing. Don't bother with birthdays as they are not very important. Remember that Koreans count the year before birth and so everyone in Korea is a year older than in the west.

The question as to which son in the hierarchically structured family is your partner, may be asked by you without hesitation. Also from which university he graduated. You'll maybe find out that his partners have also enjoyed the same education and have come from the same province.

If your partner is an eldest son, pay the necessary respect to him. He is responsible for the entire family clan, and his word contain power.

Woman have a special social position. In marriage the maiden name is kept. Always enquire after the well-being of the family and never after the well being of the wife. This might lead to embarrassing scenes of jealousy. Women are simply greeted by slight nod, never by shaking hands ! (They have the unlimited right of administering family finances.)

If you are interested in astrology then you might be interested in the Chinese lunar calendar. On October 3rd, 1992 the Korean year 4325 was celebrated.

Little personal presents keep a friendship alive. It's not the gift's vale which is important, but the fact that you give something personal. At New Year's, send a large greeting card if possible.

Detach yourself from comparisons with Europe.

Korea has worked for and obtained a position in international trade that is to be taken seriously.

After a period of military rule, the transition to democracy is taking place. Confucius will continue to hold the scepter in his hand.

Democratization will differ enormously on many essential points from that enjoyed in European countries.

This new system of democracy must grown out of Korean soil, like the plant ging-seng, the Chinese pear, pae (almost as big as a child's head, brown/yellow with th peculiar sweet flavor between an apple and a pear). Rhubarb and hazelnuts however, do not flourish in this peninsula.

The successful adoption of western technology must never blind us to the fact that an indigenous standard is still applied here.

Today, many Koreans put on a western facade. Don't let this fool you. Behind the facade are the old, traditional thoughts and deeds of this people, because, after all, for thousands of years they have wrung survival from the difficult conditions (climatic and geographical) of this peninsula.

Make use of the enormous willingness for improvisation, the readiness for venture and joy of life of this people.

The spick and span streets and buildings reflect the Korean soul.

The well-developed infrastructure facilitates the completion of business deals like a clockwork mechanism, is rhythm , however, follows the rules of Confucius. Therefore don't let yourself be misled by the many Christian churches. Rather take them as a mark of “attempting to join the modern world.”

Western logic shows only very few points of intersection with the common sense of Koreans.

Try to stay a much sought-after friend.

Your success rises or sinks with your *kibun*, probably best translated as mood. You have certainly already noticed this one yourself. There are “good days” and “bad days”. In Europe “to get out of bed on the wrong side” means to expect an unlucky day. Here, this is called a negative *kibun* and it will infect your neighbors.

A good *kibun* however radiates its power to your neighbors. These people will be motivated positively and insufferable obstacles can be cleared away. Meditating for hours helps Asians to sort themselves out again to foster the good, strengthening positive *kibun*.

It's important to help one's boss in particular to get a good *kibun*. In daily life, therefore, Koreans are used to the fact that the boss has to be kept in a good *kibun*. During the whole working day. If impossible to conceal any more, bad news is reported in as short a form as possible to the boss at the end of the work day. Whoever is entrusted with doing this, must have the necessary social status, for he deliberately destroys the positive, good *kibun*.

If your questions are not answered at all or incorrectly, the reason for this in many cases may be that people don't want to influence your *kibun*. In a negative way. Your question are politely evaded, often by switching to a completely different subject. Therefore what is called for by any successful business transaction is : 90% personal friendship; quality and price of the product make up the remaining 10 %

At evening, informal get-together, those questions which remained unanswered during the day are often taken up again. Then, conviviality and alcohol, loosen a good many tongues.

Try to understand that in order to complete a business deal successfully, a great deal of time coupled with deeper human friendships is needed

Closing remarks:

Europeans who are allowed to enjoy the hospitality of Korean for years confirm that a full integration is hard to achieve. To be able to correctly perceive and interpret the philosophy of this people there are many difficulties, many of which remain insurmountable.

By letting yourself be guided and accompanied, you harvest part of the common success.

Behind almost every successful, Korean, export product there stands a “foreign partner” Just take note of this and please only mention it in extreme emergency, and even then... very silently.

Don't be annoyed by the Korean willingness to copy ! For this is a system for proving to the world that one has managed to catch up. For, a successful production requires the necessary technical know-how, modern equipments and co-operation with industrialized countries anyway. Then it's your turn !

Behind the import restrictions there stands a huge administrative machinery. Whole lines of round, red stamps adorn even the simplest of documents. Signatures are not acknowledged in local trade. The personal, carved stamp or thumb print is one's “signature.” The stamp (chop or do-jang) is kept in the charge of the secretary. If the boss is not available, the documents can nevertheless be legalized.

Those statements and statistics in newspapers and magazines which are written in English are not always in agreement with the figures which we possess. Remember, everyone in Korea is greatly concerned with constantly creating a positive kibun. Therefore, a smile is very catching, particularly in this part of the world !

By means of a circle of friends carefully chosen and built up on the foundation of personality, time and mutual trust, official approval for functioning in independent trade, consultation and production is progressively granted as time goes by

Adolf Kurt Leemann
1976 – 1998 Chairman C.E.O.
Swiss amiet Co., Ltd. Seoul and Hong Kong

