

FORMATION OF THE KOREAN BUSINESS ELITE DURING THE ERA OF RAPID ECONOMIC GROWTH

TAMIO HATTORI

I. INTRODUCTION

SINCE implementing its First Five-Year Economic Development Plan in 1962, the Republic of Korea has gone through continuous stages of rapid economic growth to complete its fifth such plan in 1986 and embark on a sixth this year. During that same quarter of a century, Korea's per capita GNP went from less than U.S.\$100 to an estimated U.S.\$2,274. The three decades of growth are in two parts, the first, the 1960s and 1970s era of high growth rates; the second, the 1980s era of relatively stable growth, the turning point being mid-1979 when a rapid economic decline set in that was followed by minus rates of growth in 1980, the first the country had experienced since embarking on the road to economic development.

Many analyses of rapid growth in the 1960s and 1970s, often called the "Han River Miracle," have been published in Korea, Japan, the United States, and other countries. However, most are macroeconomic studies, very few examine the process of historical formation of the business elite and corporations that have supported Korean growth. That is why I seek here to empirically verify the process of business elite creation and of its members' careers.

The characteristics of business elite behavior are, of course, regulated by an interaction of the properties of Korean management, such as the existence of a *zaibatsu*, the inseparability of property and management; and by the environment that surrounds management, i.e., the social and cultural factors and government's role in the environment, factors that cannot be thoroughly examined here due to the limited space available.¹

Before going any further I would like to refer to the sources used. A basic reference was the *Hankook inmyong sa-jeon* [Biographical dictionary for the Republic of Korea], appendix to the 1979 *Hapdong nyeongam* [1979 Hapdong yearbook], published by Korea's Hapdong Tongshin company, the predecessor to the present Yeonhap Tongshin-sa. For this study, a selection was made from the 4,500 people listed in the biographical dictionary of 1,024 executives of at least director-level who are now employed by corporations, including financial institutions, and executives of managing director-level and above who work in public corporations or business associations that have an impact on the economy.

¹ For studies on corporate management in the Republic of Korea see, for example, [1] [2] [3] [5] [6] [7] [10].

TABLE I
FIRST JOBS FOR THE KOREAN BUSINESS ELITE

	Year of Birth							
	1925 or Earlier		1926-40		After 1940		Total	
	No. of Persons	%	No. of Persons	%	No. of Persons	%	No. of Persons	%
(a) Entrepreneur	158	25.0	27	19.7	22	84.6	252	24.6
(b) Same-company	15	2.4	15	4.1	1	3.8	31	3.0
(c) Same-business-group	10	1.6	24	6.6	1	3.8	35	3.4
(d) Private corporation	96	15.2	34	9.3	1	3.8	131	12.8
(e) Financial institution	122	19.3	18	4.9	0	—	140	13.7
(f) Government bureaucracy	97	15.3	44	12.0	0	—	141	13.8
(g) Armed forces	61	9.7	63	17.2	0	—	124	12.1
(h) Education	39	6.2	33	9.0	0	—	72	7.0
(i) Mass media	19	3.0	43	11.7	0	—	62	6.0
(j) Public corporation	3	0.5	13	3.6	1	3.8	17	1.7
(k) Business association	7	1.1	4	1.1	0	—	11	1.1
(l) Politics	5	0.8	3	0.8	0	—	8	0.8
Total	632	100.0	366	100.0	26	100.0	1,024	100.0

The reason for not limiting the study to the private sector, for including business associations and public corporations, will make itself clearer as we go on, but simply stated, it is because formation of business elite careers is not limited to private corporations. Any realistic appraisal of the Korea's economic elite today must take into consideration the government bureaucrats who are involved in one way or other with the workings of the economy.

II. FIRST JOBS FOR THE BUSINESS ELITE

Let us look at the distribution of jobs in which the 1,024 surveyed members of the business elite were first employed.² Table I shows the distribution to be extremely wide.

To explain the categories in the table, category (a), entrepreneur, includes either (1) the entrepreneur himself or (2) the entrepreneur's child, son-in-law, or other relative actively participating in corporation or group management. Categories (b) and (c), "same-company" and "same-business-group" (*zaibatsu*) mean that the person started in that company or group, has stayed employed with it and worked up to executive level. Category (d), private corporation, includes all private corporations except finance and the mass media. Most companies in this category are manufacturers, trading companies, and construction companies. Category (e), financial institution, includes banks (both private and government affiliated),³

² The first job is that which the biographical dictionary lists first.

³ Although categories (a), (b), and (c) are based on criteria different from that for (d) through (l), these three categories have been treated together with the other nine for the purpose of this article.

insurance companies, and small loan companies. Category (f), government bureaucracy, includes all civil servants no matter whether in national or local government.⁴

Table I makes clear that 24.6 per cent, 252, of the 1,024 are in the entrepreneur category. That this category is one-fourth of the total attests, more than anything else, to the brevity of Korea's history of economic development, the rapidity of that development, and the extremely large number of opportunities it created for enterprise.

Only 66, or 6.4 per cent, are in the same-company or same-business-group categories, people who hired into and continue to work for the same organization and are internally promoted to executive rank. They represent only 8.5 per cent of the 727 hired executives (which excludes the entrepreneur category). Seen in opposition, it shows that 91.5 per cent of the hired business elite are people who started their careers at one workplace and have changed jobs at least once.⁵ We will examine average rates of job change later but can logically predict at this point that the rates will be quite high for these people.

It should also be mentioned that first jobs of the present business elite cover

⁴ At the time the survey was made, the government of the Republic of Korea held around 30 per cent of the shares of banks in the five largest cities. The presidents of those banks were government appointees. There are many government-controlled banks, most importantly the Bank of Korea, the central bank; but the Korea Development Bank, the Korea Foreign Exchange Bank, and the Korea Export-Import Bank are some of the other powerful government banks.

⁵ To clarify the high levels of business elite mobility in Korea, I would like to refer to a study I made on Japanese corporations. The subjects of that survey were 1,728 executives of director or superintendent level employed by companies listed on the Tokyo stock exchange that are members of the old *zaibatsu* groups' associations of presidents: Mitsui Group, 22 companies; Mitsubishi Group, 22 companies; and Sumitomo Group, 27 companies. Sources were the company's financial statements for 1984.

Although there are some differences with each group, the table shows that the vast majority of Japanese corporate promotions to executive class are internal. Including moves within the group (such as from a group bank to another group company), 92 per cent of promotions are of people whose first employment was in the group. Although obvious in Japan, it is diametrically opposed to the Korean experience. These figures are of course somewhat higher than the average for Japanese corporations, because they take in some of Japan's biggest companies, but the difference between promotional practices in Japan and Korea is made abundantly clear.

PROMOTIONAL PATH FOR EXECUTIVES IN LARGE JAPANESE CORPORATE GROUPS

(Person and %)

Group	No. of Executives and Superintendents		Internally Promoted		Transfer within Group		Brought in from Outside	
	No.	%	No.	%	No.	%	No.	%
Mitsui	591	100.0	465	78.7	72	12.2	54	9.1
Mitsubishi	643	100.0	449	69.8	145	22.6	49	7.6
Sumitomo	494	100.0	361	73.1	96	19.4	37	7.5
Total	1,728	100.0	1,275	73.8	313	18.1	140	8.1

the entire employment spectrum. People who started out in private corporations or finance-related groups and are still working there occupy a relatively large 271, or 26.5 per cent, and it should be noted that an equivalent group is the 265, or 25.9 per cent, who moved from the government bureaucracy or the armed forces into the business world. Particularly significant is the 12.1 per cent who came from the armed forces into the business world.

This shows that the present business elite is made up of people from every occupation. We can estimate, although the survey does not indicate, that there is a similar transfer of resources in the opposite direction, by which many members of the bureaucracy and the political world are drawn from the business elite. We may hypothesize from Table I that the path of upward mobility in Korea differs from that in Japan, in that a person moves horizontally, and at the same time upward through many different occupations.

Let us look at Table I a little more carefully. The executives have been divided into three categories according to year of birth. First are those who were born before 1926. These people probably completed their schooling or had entered high school by the time Korea was liberated from Japanese domination in 1945. The second age category are those born from 1926 to 1940, those who completed schooling after the liberation but before the era of rapid growth under the Park Chung Hee regime. The third group are those who got their first jobs after rapid growth began.

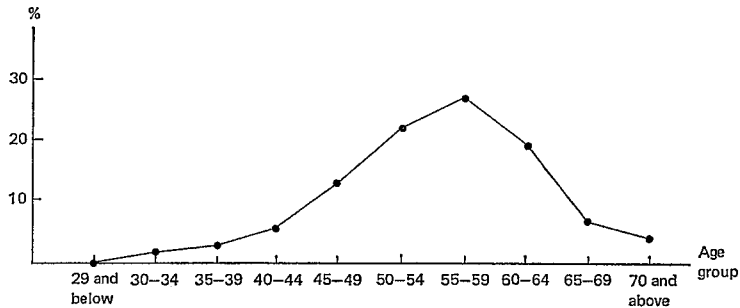
Those people who were born after 1940 are 26, or 2.5 per cent, of the 1,024 people in this survey, 22 are either the sons or family members of corporate entrepreneurs, with only 4 employed elsewhere. But the sparsity of people in the executive class of this group is natural because someone born in 1941 would have been 38 at the time the 1979 edition of the biographical dictionary was published. This causes our analysis to focus on executives born before 1941.

A comparison of the two remaining age groups shows fluctuations in percentages for each category. First is the 5.3 per cent reduction in entrepreneurs from the first (25.0 per cent) to the second (19.7 per cent). It should be noted that members of each entrepreneur's family have already begun to appear in the second group, and that a significant number of newly established entrepreneurs have joined in this age group as well. This is an indication that the mid-1960 start of the rapid growth period produced a great deal of room for participating in the creation of new businesses.

The next is a large between-generation decline of 14.4 per cent in people who started work in the financial world, of 5.9 per cent in those who started in private corporations, and of 3.3 per cent in those who first worked in the government bureaucracy. The decline is compensated by increases in other groups: 5.0 per cent for workers starting in the same-business-group, 7.5 per cent for armed forces, 2.8 per cent for education, 8.7 per cent for the media, and 3.1 per cent for public corporations.

These changes cannot be considered separately from generational changes. People born before 1926 became gainfully employed before the liberation when

Fig. 1. Age Distribution of the Korean Business Elite



the few non-farming jobs available to Koreans were in finance, private companies, lower-level bureaucracy, and the media. For the people of the second generation who became gainfully employed after liberation, a new occupation, that of the armed forces, opened up. A large number of this generation also went into the media. Since employment opportunities in the industrial world were still limited, there is a decline among the second generation of those first employed in private industry. However, the rapid growth that began in the mid-1960s increased employment opportunities and drew well-qualified people from other occupations into business-related jobs. Korea's rapid economic progress and the inter-occupational mobility of large numbers of people moved hand in hand.⁶

III. AGE DISTRIBUTION

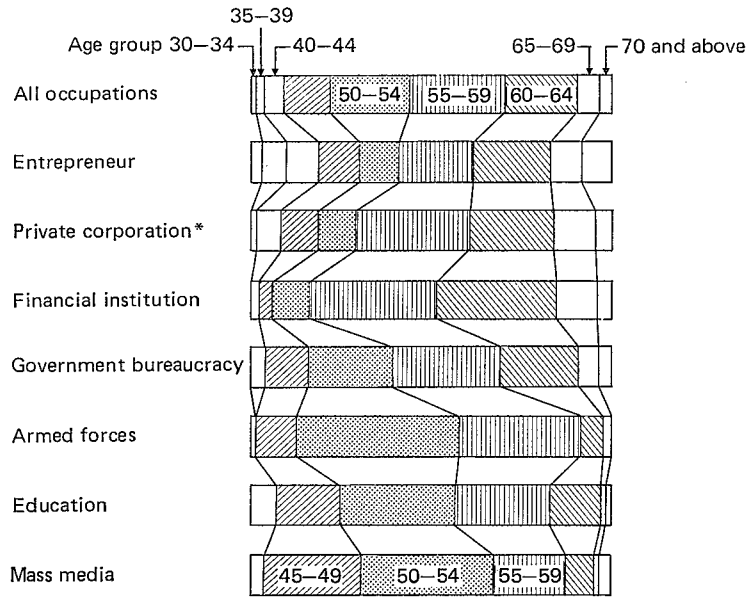
Figure 1 shows the age distribution for members of the business elite in Korea. The line is fairly uniformly skewed and peaks at the 26.8 per cent (274) of the 1,024 members of the business elite who are 55-59. Next largest is the 50-54 age group at 22.0 per cent (225) and third is the 60-64 age group at 19.3 per cent. This shows that 70 per cent of the Korean business elite range in age from 50 to 64. Thus, the majority of Korea's present business elite are people first employed in the seven- to eight-year period that has its center at the time of liberation in 1945. Those employed at the time of liberation are on the mean.

If we now readjust the overall distribution by first job, it will give a quite different distribution. This is shown in Figure 2.

First comparing the age distribution of entrepreneurs with that of all occupations, we find no concentration in any particular stratum, a fairly even distribution across the entire age spectrum. The 30-44 stratum is larger than that in all occupations; the 45-59 stratum is smaller than in all occupations; and the 60-70-

⁶ Although not presented in table form, sources on number of employees per occupation show that those in specialist, technological, administrative, and supervisory positions rose from 247,000 in 1963 to 694,000 in 1979 and those in office work rose from 266,000 to 1,196,000. This increase cannot be covered by the number of new school-graduates, so must be accounted for by people who wanted to leave another occupation and acquired the training to do so.

Fig. 2. Age Distribution by First Job of the Korean Business Elite



* This category includes those in categories "same-company" and "same-business-group."

and-above age group again becomes larger than in all occupations. This is because thirty-six years had passed since the liberation and a gradual generational transition was taking place among entrepreneurs in which they are handing their businesses over to the next generation. The placing by these entrepreneurs of sons and young relatives in executive positions is the reason that the younger generation occupies such a large part of this category. This is another indication of generational transition.

The largest age stratum in private corporations, as it is for the total, is the 55-59 age group, but its degree of concentration is high at 32.1 per cent. The 60-64 age group is second highest at 22.9 per cent. This is evidence that the promotion of people who got started at private corporations is relatively slow.

The delay for those first employed at financial institutions is markedly later than it is for the private corporation category. No executives in the financial category are in their thirties, although there are a few in the private category, and only 5.7 per cent are in their forties, with 70 per cent in the 55-64 age bracket. There is very little difference in age of retirement between this and the other categories. That makes the delay a decided disadvantage for starters in the financial institutions. Although it will be examined in further detail later, there is a relatively large rate of job change within the same sector for those who started their careers in the financial institutions and their affects the rapidity of promotion.

The age distribution of those who started their careers in the bureaucracy closely approximates that of the entire survey population. The only difference is that it has no young strata of 39 and under, that is raised slightly to the 50-64 strata. We do not know what this means for sure, but one thing that we do know is that the bureaucracy is not rigid, it is not much different from the other occupations, it offers just another possibility for social advancement.

The armed forces (officer) sector is diametrically opposed to the financial sector for here the young age strata predominate with 54.2 per cent at 50-54 and 34.7 per cent in the 55-59 age group, i.e., 80 per cent are concentrated in the 50-59 group. These people were sixteen to twenty-five at the time of liberation and twenty-one to thirty at the outbreak of the Korean War. They were briefly trained after the liberation and are generals, admirals, and other field- or fleet-grade officers who switched in large number over to the business world. As will be discussed in detail later, when it is realized that the pattern of job change for armed forces officers has been from armed forces to either bureaucracy or to public corporations and then to private industry, the rapid increase in the number of public corporations during the sixties and seventies would appear to have been acting as a cushion for the smooth generational transition of reserve armed forces members.

Although not to the extent of the armed forces, people who started in the media and in education are younger at the executive level, their peak being in the 50-54 age strata. However, there is a delay for those who got their start in education which cannot be adequately explained.

Looking at the entire picture, those who got their start in the media, armed forces, and education get promoted fast and those who got their first jobs in private corporations or financial institutions are promoted quite slowly. People who got their first jobs in sectors which were established to a certain extent before the liberation are slowed down in promotion because jobs above them are filled, while those whose first jobs were in categories freed up after liberation have been able to climb the social ladder much more quickly. These differences in rate of promotion will gradually diminish in the future but the limitations on employment opportunities during the Japanese colonial era and the methods of training at that time are major factors in today's disparities in the rate of upward mobility.

IV. EDUCATIONAL BACKGROUND

Table II presents the educational background of the business elite. Looking at the overall picture, we can immediately understand that the level of education for the elite is much higher than that for the general populace. Of the 1,024 subjects of this survey, 71.1 per cent have completed education at least of the college or graduate level.⁷ In age level too, 365, 57.4 per cent, of those born

⁷ In Korea there are night schools called "management graduate schools" and completion of the courses offered is considered the same as completing courses in a standard graduate school. This might have pushed up to a relatively high level the proportion of the business elite having education beyond the four-year college level.

TABLE II
EDUCATIONAL BACKGROUND OF THE KOREAN BUSINESS ELITE

	Total		None		Primary School		Middle School		High School		Higher Education		Unknown	
	No. of Persons	%	No. of Persons	%	No. of Persons	%	No. of Persons	%	No. of Persons	%	No. of Persons	%	No. of Persons	%
(a) Entrepreneur	252 (158)	100.0	4 (4)	1.7	18 (18)	7.1	59 (59)	23.4	21 (16)	8.3	138 (51)	54.8	12 (10)	4.8
(b) Same-company	31 (15)	100.0			3 (3)	9.7	2 (2)	6.5	5 (4)	16.1	23 (8)	74.2		
(c) Same-business-group	35 (11)	100.0			2 (1)	5.7	2 (1)	5.7	2 (1)	5.7	30 (8)	85.7	1 (1)	2.9
(d) Private corporation	131 (96)	100.0	1 (1)	0.8	10 (10)	7.6	26 (26)	19.8	15 (12)	11.5	78 (46)	59.5	1 (1)	0.8
(e) Financial institution	140 (122)	100.0					32 (31)	22.9	20 (17)	14.3	85 (71)	60.7	3 (3)	2.1
(f) Government bureaucracy	141 (97)	100.0			1 (1)	0.7	17 (17)	12.1	5 (5)	3.5	116 (72)	82.3	2 (2)	1.4
(g) Armed forces	124 (61)	100.0					2	1.6	2	1.6	118 (59)	95.2	2 (1)	1.6
(h) Education	72 (39)	100.0			2 (2)	2.7	1 (1)	1.4	5 (4)	6.9	61 (31)	84.7	3 (1)	4.2
(i) Mass media	62 (19)	100.0					7 (5)	11.3	3 (2)	4.8	51 (12)	82.3	3 (1)	1.6
(j) Public corporation	17 (3)	100.0							1 (1)	5.9	16 (2)	94.1		
(k) Business association	11 (7)	100.0					2 (2)	18.2			8 (4)	72.7	1 (1)	9.1
(l) Politics	8 (7)	100.0					2 (2)	25.0			4 (1)	50.0	2 (2)	25.0
Total	1,024 (636)	100.0	5 (5)	0.5	31 (31)	3.0	153 (149)	14.9	79 (63)	7.7	728 (365)	71.1	28 (23)	2.7
		100.0		0.8		4.9		23.4		9.9		57.4		3.6

Note: Figures in parentheses are the number of people born in 1925 or earlier.

before 1926 have received higher level education (including the higher commercial and industrial levels under the old system). These high figures are truly surprising when we look at them in reference to 1970 figures showing that 4.6 per cent of secondary school graduates entered Korea's institutions of higher education (four-year colleges) [8]. Of our survey subjects, 92.5 per cent born after 1925 have education of higher levels and above.

This shows that one of the major qualifications for becoming a member of the business elite in Korea is schooling of much higher level than the norm.

Another important fact is the extremely large number of people in the elite who have gone to college or graduate school overseas. Even people born before 1926 have a higher level of overseas education, 43.6 per cent having been to a foreign school, including those in Japan. Of the 159 people in the group having overseas training, 122 received that training in Japan. Even though there are many more schools in Korea available to the people born after 1925 and a much larger number have been to college in Korea than those who have been to college overseas, the majority have been to graduate school in a foreign country. There is a firmly rooted pattern for the people who graduate from a domestic college to then go to graduate school overseas. The trend in location of advanced overseas schooling shifts dramatically from Japan for those born before 1926, to the United States for subsequent generations.

As we have seen, twenty-two of the twenty-six born after 1940 are children or family members of people in the entrepreneur category and five of them have been to college or graduate school overseas, thus the category does not fit the general pattern. We can say that the pattern of going from a domestic college to overseas graduate school exhibited by people born from 1926 to 1940 will probably be the standard pattern from here on.

Be that as it may, at least 20 per cent of the business elite educated at four-year colleges have gone to graduate school, and half of those to overseas schools, particularly in the United States. No examination of the character of the Korean business elite can overlook these facts.

Now let us take a look at the categories in which these people got their first jobs. Of all categories, that of the entrepreneurs has the lowest relative educational level. For those born before 1926 only 32.3 per cent have four years of college or its equivalent, the largest group being the 37.3 per cent who have completed middle school at the commercial or industrial school level. Those who have no schooling at all or have completed primary school are 14 per cent of the entire group. With entrepreneurs, there may be much said about Chairman C of the H Group who never had much schooling but worked very hard to reach his present position. But, although these people may have a low educational level relative to the other members of the elite, that level is extremely high when compared to the educational level of the general population in the same age bracket. With entrepreneurs born after 1925, educational level rises rapidly with at least 90 per cent having completed college or graduate school. These are the same high educational levels as those of the other categories in the elite. The trend is even more pronounced with those born after 1940, as mentioned above.

Educational level in the private corporation category is also relatively low, 28.2 per cent having gone no higher than middle school. Graduates of four-year institutions of higher education are 59.5 per cent of the total. But looking only at the group born after 1925, 90 per cent have completed at least four years of college. This trend applies to the group whose first jobs were in financial institutions as well. However, the financial institution group has no one with no education or who has completed just elementary school, and that makes their middle-school graduate group just that much larger. But, as far as the rate for college graduates alone is concerned, there is no big difference with the group that had their first jobs in private corporations. Looking at just those born after 1925, although their numbers are small, just under 80 per cent have at least four years of college. As we saw in the section on age distribution, the ages of those who started in private corporations or financial institutions is higher than the average (73 per cent of those who got their start in private corporations and 87 per cent of those who began their careers with financial institutions were born before 1926), making the reason for low educational background quite apparent.

Of the people who transferred from bureaucracy to business, 82.3 per cent have at least four years of college education. The level is high even for those born before 1926, 74.2 per cent being college graduates. The levels are even higher with those born after 1925, where 100 per cent have at least four years of college. Of those who started their careers in the armed forces, 95.2 per cent have at least graduated from college. But, college graduate here includes graduates of one of the three service academies. The academies had to supply officers for the armed services when those services were in an infant stage so some of the cadets were only in the academies for a year or even a few months. The Korean War also created enormous demand for officers, and here too, education had to be cut short. So we cannot say that all those who have graduated from one of the academies is a college graduate, and that 95.2 per cent has to be cut down by a certain amount.

Those whose first jobs were in the educational and media categories also have a high percentage of college completion at more than 80 per cent.

Taking university graduation as an indicator of educational level shows that educational level is relatively low in categories open to a certain extent to Korean entrance before liberation: entrepreneurs, private corporations, financial institutions, etc.; and relatively high in categories that expanded rapidly after liberation: bureaucracy, armed forces, education, media public corporations, etc. The rapid increase in years of education for the post-liberation business elite is a major factor contributing to different age pyramids for the respective elite categories. However, as we have seen above, there was also a rapid post-liberation increase in educational level in the former set of occupations.

In the connection between occupation and education, it would be good to examine the sixty-six who were promoted to executive level within the same-company or same-business-group that they started working with. They represent only 6.4 per cent of the total and are only 8.5 per cent of the 772 "hired" executives, the group that excludes entrepreneurs.

Looking first at the thirty-one in the same-company category by type of occupation, we find thirteen in both media and financial institutions, four in private corporations and one for which occupational category is unknown. We also see that a relatively large number, fifteen out of thirty-one, were born before 1926. It is worth noting that twenty-three of the thirty-one have the equivalent of at least four years of college and that seventeen of the twenty-three are graduates of well known universities. Of the Korean universities attended, nine went to Seoul University, five to Korea University, and three went to Yonsei University. Two went to Waseda University in Japan and eight went to graduate school in the United States. Two have completed courses at the graduate schools of Yonsei and Seoul universities.

What about the thirty-five who have stayed within the same-business-group and been promoted to executive? Of the total of thirty-five, twenty-two were born after 1925, and twenty-one, or 60 per cent, are in the 45-54 age stratum, the younger stratum as compared to the overall picture. Thirty have graduated from college for a rate of graduation of 86 per cent. Twenty-three are graduates of Korea's prestigious schools, eighteen went to Seoul University, three to Korea University, and two to Yonsei. Two have degrees from graduate schools overseas and one from a domestic graduate school.

Thus, it is noteworthy that those who began employment at a certain company or group and stay with it to be promoted to executive level have high educational levels. An overwhelming number of those people have graduated from the top schools in Korea: Seoul, Korea, and Yonsei universities.

Of course a large number of the others who have changed jobs have gone to these schools. There is a high probability of additional factors at work, but judging from age distribution we would have to say that these people did not have to change jobs to be promoted, promotions within the company came fast enough.

V. CAREER FORMATION

A. *Differences between First and Present Job*

In this section, we will look at the situation of job change that the business elite has undergone from first to present job. Table III is extracted from Table IV to show the relation between the elite member's first job and his present position. There is still a dramatic difference between jobs the elite members started out with and their present jobs.

We should first note that 112 people, or 15.9 per cent of 706 [total minus 318 in categories (a), (b), and (c)], have had experienced in some other occupation before moving into the entrepreneurial category. There is only one person who has transferred out of this category, and he became a hired executive when his company was sold. This makes 35.4 per cent (363) of the total who are members of the entrepreneur category. That shows the wide range of opportunities for success as an entrepreneur that existed in Korea at the time. The fact that

TABLE III
CHANGES IN EMPLOYMENT SITUATION FOR THE KOREAN BUSINESS ELITE
BY CATEGORY, ENTERED, AND LEFT

	First Job (1)	Entered (2)	Left (3)	Present Job (4)	(Person) % for (4)
(a) Entrepreneur	252	112	1	363	35.4
(b) Same-company	31	2	0	33	3.2
(c) Same-business-group	35	122	27	130	12.7
(d) Private corporation	131	631	518	244	23.8
(e) Financial institution	140	274	321	93	9.1
(f) Government bureaucracy	141	130	271	0	—
(g) Armed forces	124	9	133	0	—
(h) Education	72	25	97	0	—
(i) Mass media	62	205	197	70	6.8
(j) Public corporation	17	169	118	68	6.6
(k) Business association	11	78	66	23	2.2
(l) Politics	8	42	50	0	—
Total	1,024	1,799	1,799	1,024	100.0

these entrepreneurs are the chief executive officers of their corporations is an indicator of both the brevity of corporate history in Korea and the character of Korean corporate management. Simply knowing whether manager and founder are one and the same would not allow a full elucidation of the character of the Korean corporation for there is an intricate set of factors at work here such as capital ownership and relations between various people. The figures do, however, show at least who is at the top end of the line conventionally known as top-down management.

Second, despite the fact that less than 4 per cent, or 35 people, have begun their careers with a business-group and remained there throughout, there are another 95 people who started out in one occupation or another and then entered the same-business-group category and remained there to be promoted. So together, they make up 12.7 per cent (130) of the present total. This was possible because the *zaibatsu* groups rapidly expanded during the period (group expansion was two to three times faster than growth in GDP) [9, p. 249], leading to an improvement in conditions, such as an increase in positions. This should be clear by comparing the newly entered people to the same-company category; there were only two. In this sense, there are two major kinds of success for the Korean business elite. One is to get off the track for hired executives by becoming an entrepreneur, the other is to be internally promoted as an executive in an expanding *zaibatsu*.

Private corporations are on an increasing trend and the levels of mobility are extremely high. Financial institutions also have extremely high mobility and have tended to be suppliers of personnel. The importance of financial institutions for the elite has declined during this period.

TABLE IV
JOB CHANGES BY THE KOREAN BUSINESS ELITE (TOTAL)

Transfer out of	Transfer into													Total		
	(a) Entrepreneur	(b) Same-company	(c) Same-business-group	(d) Private corporation	(e) Financial institution	(f) Government bureaucracy	(g) Armed forces	(h) Education	(i) Mass media	(j) Public corporation	(k) Business association	(l) Politics	(1) Politics			
(a) Entrepreneur	1			1												1
(b) Same-company		1		7												27
(c) Same-business-group			12	333	3											518
(d) Private corporation	54	1	36	27	13		3	3	15	17	10			6		321
(e) Financial institution	8		14	60	178	25	1	5	5	16	9					271
(f) Government bureaucracy	19		21	75	34	7	2	7	18	53	24		10			133
(g) Armed forces	6		7	38	4	38		1	3	26	2		8			97
(h) Education	5	1	8	18	4	21	3	5	15	5	4		8			197
(i) Mass media	5		6	16	1	13		4	132	3	8		9			118
(j) Public corporation	6		10	38	14	4			5	35	5		1			66
(k) Business association	4		6	24	8	2			4	6	12					50
(l) Politics	4		2	21	1	6			8	5	3					1,799
Total	112	2	122	631	274	130	9	25	205	169	78	42				

This analysis logically concludes that the government bureaucracy, armed forces, education, and political categories have been suppliers only. There have probably been people who have transferred from the business world into one of these categories but Table IV shows that their numbers are very small. These categories have been definite suppliers of personnel during the course of rapid economic growth.

There has not been much change in the percentages for the mass media and the business associations, but the fact that positions in the public corporations have increased is important.

B. *Phases of Mobility*

Table IV is based on an attempt to integrate the conditions for job change by the business elite. The columns are for previous jobs, the rows are for jobs after transfer. In compiling this table, each job transfer is counted and added to the respective column or row. A look at the entrepreneur column, for example, shows us that there was one person in the same-business-group category who transferred into the entrepreneur category, 54 people who went from private corporations to become entrepreneurs, and eight people who went from financial institution to entrepreneur category. If we add all those who transferred from all categories into the entrepreneur category, we get a total of 112. A look at the entrepreneur row shows that one person moved from the entrepreneur category to the private corporations, and the total column shows that only one person, the same one undoubtedly, transferred from the entrepreneur to other categories.

Excluding from the total the 318 people who were in the entrepreneur category from the beginning and those who are in the same-company or same-business-group category, we see a total of 1,799 job changes for 706 people, an average of 2.5 job changes per person. That means that it is usual for the place where the executive now works to be his third or even fourth place of employment. The highest number of job changes was 11.

Table IV also shows a wide range of job change. The largest amount is the 333 changes within the private corporation category, 18.5 per cent of the total. This is followed by the 178 changes (9.9 per cent) within the financial institution category, the 132 (7.3 per cent) within the mass media category, the 75 (4.2 per cent) from the government bureaucracy to the private corporation category, and the 60 changes (3.3 per cent) from the financial institution to the private corporation category. That is followed, in turn, by the 54 (3.0 per cent) job changes from private corporation to entrepreneur and the 53 (2.9 per cent) job changes from government bureaucracy to public corporations. This makes obvious the fact that a plurality of changes, 39.7 per cent, were within the same category, and the remaining three-fifths is movement into other categories.

Except for the entrepreneur, same-company, and same-business-group categories, movement is lowest from all categories into the armed forces, education, and politics. This is because the business elite is not concerned with these areas as job destinations.

One thing that I would again like to point out here is that although transfers

TABLE V
CONDITIONS OF CHANGE BETWEEN CATEGORIES

	Total Movement (Persons) (a)	Within the Same Category (Persons) (b)	From Another Category (Persons) (c)	(c)/(a) (%)
To private corporations	631	333	298	47.2
To financial institutions	274	178	96	35.0
To the bureaucracy	130	7	123	94.6
To the mass media	205	132	73	35.6
To public corporations	169	35	134	79.3
To business associations	78	12	66	84.6

of jobs within the same category are relatively frequent, 60 per cent of the transfers are transfers from other categories. Table V shows the proportion of transfers from other categories. Of the transfers to private corporations, 47.2 per cent are from other categories. Thirty-five per cent of the transfers to financial institutions are from other categories. One thing that should be noted here is the rather high degree of openness about transfers into the government and public corporation categories. The volume of transfers into the bureaucracy category is not large, but the transfers are from private corporations, financial institutions, education, and the mass media.

Thus we can see that the Korean business elite has a high level of mobility in the horizontal direction, no matter what the category, and moves upward, at the same time, in social position. This is clearly the very opposite of the internal promotion pattern in Japanese organizations.

VI. CONCLUSION

This paper has examined the attributes of the business elite in Korea in regard to first job, age, educational background, and career formation. The points clarified so far are as follows.

(1) Only a little more than 30 per cent of those who continue work and are internally promoted are in the entrepreneur, same-company, and same-business-group categories. Slightly less than 70 per cent have experience in different categories. They have reached their present position after going through several different categories. The phases of job changes through different categories are governed by that first occupational category and subtle differences in those phases can be seen. Generally speaking, the private side, including entrepreneur, same-company, and same-business-group categories, is on the demand side for personnel while the financial institution and government (bureaucrat and armed forces) side is on the personnel supply side.

(2) The history of industrialization in Korea is very short, having begun when growth rates became rapid during the 1960s and 1970s, and a very strong

indicator of how fast and rapid that growth was is in the fact that 35 per cent of the business elite are listed in the entrepreneur category. As I mentioned earlier, this has a major impact on management style in Korea. But in contrast, is the increasing number of people, now 13 per cent, being internally promoted within the fast growing *zaibatsu*. This shows that the two fastest promotional tracks in the business elite are in the entrepreneur category and the same-business-group category. The latter is increasing fastest.

(3) There is a great disparity in first job when seen in terms of age level. Even though the appearance of entrepreneurs and young sons is logical in the light of Korean tradition and helps to make the business elite younger, there is an average difference in age of seven to eight years between the fast promotion mass media and armed forces categories and the slow promotion finance category. A seven-eight year gap is a very large one in a society like Korea where job-level-determined differences in salary and fringe benefits are large.

The between-category differences in speed of promotion encourage changes from financial institution and private corporation categories to the continually expanding same-business-group category and adequately strengthen the overall orientation toward job change. We can predict that between-category differences in speed of promotion or, more simply, differences in speed of promotion, will be accompanied by feelings of being out of the running or of not getting what one is entitled to. If there is not much social and psychological damage caused by job change, then job change will be a common practice.

The differences in speed of promotion are caused by: the large loss of life, and consequent loss of population, during the Korean War; the rapid economic growth from the middle of the 1960s on; and the postwar situation which depleted investment in education and disallowed adequate refurbishing of systems. But more basic reasons are the affects that thirty-six years of Japanese rule over Korea still have on the situation today in terms of the system of education, the methods of developing personnel resources, the limits placed on Korean entrance into the workplace and other factors.

(4) Although the factors in (3) cause problems, the Korean business elite's extremely high level of education must be kept in mind. This is true even of the entrepreneurs born before 1926, 35 per cent of whom have graduated from four years of college, high-level commercial school, or an equivalent. With those born after 1926 or later the figure is higher, at least 90 per cent having that level of education. The minimum requirement for a member of the Korean business elite is completion of university education from a top-flight Korean school, i.e., Seoul, Korea, or Yonsei University. If possible, he should also go overseas, especially to the United States, for study at graduate school in order to guarantee even faster promotion. This of course has a great deal of effect on any discussion of the character of the Korean business elite and it has enormous influence on the management of corporations in Korea.

This study has not been able to clarify whether the factors elucidated above are means of coping with the situation that has been created by very rapid economic growth in Korea or whether these factors are deeply rooted within

the Korean social structure.⁸ These are questions that must be clarified by some future study.

⁸ I have not been able to touch on this because the research target of this paper has been limited to the statistical. But a more specific examination of each sample in terms of kinship relations, place of birth, and academic background should clarify how large the effect of human interaction is on the formation of the business elite. For example, the large number of rights that the older generation lost when the Chun Doo Hwan regime came to power was not something peculiar to that regime but something which was observed when the previous Park Chung Hee regime was established. It would not be far off to say that these changes are promoted by changes in the network of human interaction. The factors examined in this paper have been those necessary for a business elite in Korea, they are not the full range of factors related to that elite.

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