

## A Case Study on Management Execution Plan of Korean Companies in Response to Potential Crisis under Uncertain Business Environment

- The Perspective of Organizational Culture Management -

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### Abstract

There is a widespread perception that companies with a strong and unique organizational culture have better business performance. Companies implement various measures to overcome the management crisis caused by numerous internal and external factors. Organizational culture is pivotal not only to enabling the growth and existence of a company, but also to securing a competitive edge. This study aims to explore the implications for effective management of organizational culture by analyzing the practices of four large leading Korean firms. This study uses surveys and in-depth interviews of managers responsible for organizational culture in the companies. Through this study based on the cases of Korean companies, we confirm what methods of managing organizational culture companies should maintain to cope with potential crises under the recent global economic recession. This study confirms that some leading companies in Korea have established frameworks for organizational culture management to create and manage a predetermined culture, and that continuous use of these frameworks had a positive influence on management performance.

**Key words:** organizational culture, organizational culture management, organizational culture diagnosis, organizational culture management framework, Korean organizational culture

### 1. Introduction

Recently, business environments across Korea have been changing rapidly and competition has been increasing as well. Accordingly, Companies implement various measures to overcome the management crisis caused by various internal and external factors. Korean companies are putting forth a lot of effort into medium-term and substantial growth,

particularly in discussions on formation and promotion of organizational culture as part of their strategies for business performance improvement.

Major conglomerates representing South Korea, including Samsung, SK and Hyundai Motor, have been strengthening their emergency management system to manage the crisis on a regular basis due to the rapid spread of uncertainties in the global business environment. During the financial

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crisis of Korea in the late 1990s, many Korean companies rushed to introduce performance-oriented human resources management systems that put cost efficiency first. As a result, the U.S. style organizational culture, with large companies at the center, has rapidly spread. In Korea, organizational culture that reflects Korean characteristics was established in the 2000s. Since then, the necessity of organizational culture discussion in Korean business management environments has been emphasized.

Organizational culture is a strategy and a management resource for corporate survival(Park, 2000). It distinguishes one organization from another as a system of shared meanings that have been maintained by organization members (Robbins, 1991). In 1982, two business management consultants—Thomas J. Peters and Robert H. Waterman—published the book entitled ‘In Search of Excellence’ which aroused interest in organizational culture among academic circles and business communities. Since then, a number of organizational culture researchers have conducted studies in various perspectives. Organizational culture has been recognized in the area of organization theory as a major variable that affects, directly or indirectly, organizational performance, and it has become known as a series of systems that are shared and maintained by organization members (Pettigrew, 1979). In contrast, the concept of corporate culture which is similar to that of organizational culture, is an application of organizational culture to the scope of corporate organizations in the perspective of business economics(Park, 1998). When organizational culture is analyzed on the level of corporate, it could be appropriated to use the term, ‘corporate culture’(Kim, 2008).

The best companies improve their performance based on their employees’ self-esteem, immersion, cooperation, and teamwork(Kanter, 1983). However, because only 20~25% of firms succeed in doing so(Higgs & Rowland, 2005), it is necessary to take a more fundamental perspective,

such as at the level of organizational culture, to change an organization(Kotter, 1995). Organizational culture, an organizational environment factor, plays a pivotal role in organizational growth, gaining competitive advantages (Schein, 1999), and organizational creativity(Amabile, 1997), and companies with strong organizational cultures achieve higher performance(Kotter & Heskett, 1992). Particularly when corporate values are evaluated, financial measures such as profit rate and added value are utilized in general. It is noteworthy that recently, non-financial measures such as brand value, customer loyalty, and organizational culture are more commonly utilized than before. It is significant that when a management technique, regardless of how excellent it may be, is not absorbed into or harmonized with the organization, it can become a hindrance to organizational development and undermine the organization’s competitiveness(Lee, 2011).

Despite the importance of organizational culture, however, there has been little research on how to measure and manage organizational culture. This study aims to observe the practice of formation and management of Korean organizational culture among companies based on theoretical investigation into organizational culture. To this end, a literature review on previous studies related to organizational culture was followed by a survey and in-depth interviews among experts in order to examine actual cases of organizational culture management among companies. However, it is difficult to artificially manage organizational culture because it accumulates during the organizational development process and is ingrained within the organization’s employees, structure, and personnel system (Pettigrew, 1979). Hence, there is continued interest in discussing the sort of processes and methods to adopt to manage organizational culture. This paper proposes a policy direction for effective management and improvement of organizational culture based on case studies and the methods adopted by leading Korean companies.

## II. Literature Review

### 1. Organizational Culture as an Organizational Environment Factor

When a company is in a management crisis, it is often to reduce costs associated with employees. In general, many companies implement plans to increase cost efficiency through reorganization or improvement in personnel management when a management crisis occurs. Recently, however, there have been growing concerns about ways to overcome the crisis from a mid-term perspective rather than short-term prescriptions such as cost-cutting through restructuring. In other words, it is one of them to continuously improve organizational culture in order to strengthen the organization's constitution in case a company is in a crisis situation of crisis.

Organizational culture is formed over time based on interactions among various factors within an organization, and such factors function as components of the specific organizational culture. Schein(1985) defines organizational culture as a process of forming patterns to share thoughts, beliefs, emotions, and values in the outcome of shared experiences and lessons learned. Schein also classified components of organizational culture into three steps: 1) tacit assumption that represents unconsciousness, justification of beliefs, recognition, thinking, and emotions invisible and taken for granted in the perception of members; 2) espoused values such as strategy, goal, and philosophy;

and 3) artifacts such as organizational structure, work process, system, and leader behavior. This three-step structure of organizational culture presented by Schein is advantageous to be utilized as a framework for organizational culture management in that it reflects the formation process of organizational culture and factors of each level. Martin and Siehl(1983) added 'management practices' to this organizational culture structure of Schein, and this added concept of management practices makes clearer the visibility of organizational culture that has been uncertain in the original organizational culture structure of Schein, as it emphasizes the possibility of deliberate formation and management of organizational culture. The organizational culture structure of these four steps stated above is presented in <Table 1> below:

It is difficult for employees to demonstrate creative and innovative performance without a supportive organizational environment, regardless of their innate creative abilities (Amabile, *et. al.*, 1996).

Additionally, because it is easy to limit the continuous development and implementation of innovative ideas, it is important to create an organizational environment that can continuously support innovation(Castellacci, 2008). Organizational culture, a leading organizational environment factor, is a concept that covers a wide range of operations in a company(Schein 1985). It comprises the values, faith, history, and traditions inherent in an organization and created by imposing value on them(Isaksen & Ekvall, 2007).

Table 1. The structure of organizational culture

Characteristic	Step	Description
Visible	Outcome	Managerial implementation and utilization
	Artifact	Formalities and signs as a visible pattern such as organizational structure, personnel management system, and work process
Aware	Values	A symbol or belief based on mutual agreement and awareness, such as codified management philosophy and shared value
Invisible	Tacit assumption	Imagination in a subconscious awareness that is invisible and an environment of reality, time, or space

※ Source: The researcher's summary of research outcomes of Schein(1985: 39) and Martin and Shehl(1983: 185)

Employees accept the required creativity or innovative behaviors in organizational management based on the values that are shared during this process(Tesluk, *et. al.*, 1997). Tesluk, *et. al.*(1997) explained how organizational culture affects the manifestation of employees' creativity, and Deal & Kennedy(1982) stated that organizational culture plays an important role in unleashing creativity and innovation at the organizational level. Thus, organizational culture is important as it influences an organization and promotes creativity.

Management strategist Ansoff(1965) defined a creative culture as one that pursues organizational changes at the strategic level, and Wallach(1983), a management scholar, defined innovative culture as one favourable for overcoming changes in external and internal environments. Sociologists Quinn & Rohrbaugh(1983) stated that an adhocracy culture is one with creative and defiant attributes that promptly adapt and respond to changes occurring outside an organization. Urban economist Florida(2002) proposed a concept called open culture, which is a culture that contributes to social innovation, entrepreneurial spirit ,and economic development. These definitions connect the concept of organizational culture to organizational creativity and explain that employees influenced by organizational culture demonstrate more creative performance.

## 2. Organizational Culture Management

When it comes to organizational culture management, there have been continuous disputes since the early years of research on organizational culture regarding whether artificial interventions of an organization can contribute to forming and improving organizational culture in the desired direction. Findings of related studies in this regard may be classified according to the following: culture purists and culture pragmatists(Martin, 1985). From the perspective of culture purists, there are limitations in changing

organizational culture artificially once it is formed within an organization because it is formed naturally over a long period of time. From the perspective of culture pragmatists, organizational culture can be changed and improved with artificial efforts. This perspective emphasizes that deliberate intervention and management can contribute to forming a certain culture in the desired direction. Recent research on organizational culture and the actual practices among companies are based on the assumption of culture pragmatists that organizational culture can be formed and managed. It is still controversial among enterprises, however, how organizational culture can be utilized as a major tool for business management, and it is widely recognized that a powerful and unique organizational culture can play a key role in securing competitive advantages necessary for business survival and growth(Schein, 1999).

Organizational culture forms over time. However, managers can create organizational culture through deliberate intervention at the organizational level(Martin, 1985) and measure it using quantitative or qualitative methods(Hofstede, 1990). Quinn & Rohrbaugh(1983) proposed several types of organizational culture: clan culture, hierarchical culture, adhocracy culture, and market culture. Cameron & Quinn(1999) developed the Organizational Culture Assessment Instrument(OCAI) to measure types of organizational culture based on Competing Values Model(CVM). OCAI measures two points of time, present and past, and identifies the organization's current and previous type of culture in terms of how much it has changed. There are limitations to OCAI as a measurement tool since it cannot propose elements of each type of organizational culture. O'Reilly, *et. al.*(1991) developed and proposed the Organizational Culture Profile(OCP) to measure organizational culture using seven elements: competition, social responsibility, support, innovation, compensation, performance orientation, and stability, each with four

sub-elements. OCP focuses on coordination between organizational culture and employees, and is relatively applicable to companies. Organizational climate is a concept similar to organizational culture (Payne & Pugh, 1976), so an organizational climate tool can be used to measure organizational culture (McLean, 2005). Amabile, *et. al.* (1996) proposed KEYS (Assessing the Climate for Creativity) as a creative organizational climate measurement tool based on factors that affect creative organizational climates. KEYS is partially used to measure organizational culture because its structure allows analysts to determine the areas that need improvements to create a creative organizational climate (Mathisen & Einarsen, 2004). Denison (1984) developed the Organizational Culture Model (OCM) to measure specific aspects of an organization's culture in each of four areas: mission, adaptability, involvement, and consistency. The OCM is designed to measure employees' opinions and perceptions of the underlying beliefs, values, and assumptions that are held by employees. His research uncovered a persistent relationship between the four cultural traits of organizations and its performance.

These previous studies demonstrate that most tools aim to identify types of culture and organizational characteristics, though no study yet exists from the practical perspective in terms of effective processes and methods to measure, analyse, and use organizational culture.

### 3. Development of Korean Organizational Culture

Organizational culture is an outcome of the culture of the society in which an organization operates. The individualism and rationalism prevalent in the West led to the dominant horizontal organizational culture, whereas the communal and vertical organizational culture common in the East due to the strong collectivism element (Hofstede, 1991).

Industrialization occurred along with democratization in

Korea (Haggard, 1990), and the country matured into a developed state with export-oriented industrialization since 1966 (Chibber, 1999). Companies had few opportunities to naturally develop their own organizational culture in the 1960s and 1970s, and in the 1980s, firms introduced the dominant organizational culture established in fast-growing Western countries. However, Korean firms did not form a distinct organizational culture due to a decline in loyalty resulting from the aftermath of conflict between employers and workers and stagnant productivity. In the 1990s, some suggested the need to establish an organizational culture suitable for the Korean business environment as firms adopted more western views. However, this did not happen immediately due to the financial crisis in the late 1990s. Korean firms thus began establishing a distinct organizational culture in the 2000s. Companies could finally reflect on how to establish their organizational capabilities and culture to excel in a global business environment. As Korean companies' business performance matched or outperformed that of leading foreign companies, the employee value proposition generally increased, while active discussions about the definitions of Korean organizational culture took place.

Previous studies related to Korean organizational culture include research on relations between the type and intensity of organizational culture and organizational performance (Kim & Park, 1998), cross-sectional research on organizational performance change in relation to organizational culture among Korean enterprises (Kim, 2000), research on characteristics of organizational culture among Korean conglomerates (Jo, *et. al.*, 2007), and research on factors of growth drivers among Samsung, SK, LG, and Hyundai Motor with regard to organizational culture (Lee, 2014). Such studies on Korean organizational culture may be classified according to specific domains: types of organizational culture, characteristics of organizational

culture in Korean business management environments, and effects of organizational culture on organizational performance. However, there has been almost no research on mechanisms through which organizational culture pursued by companies can be measured and managed. In this regard, Cho & Yoon, (2001) defined dynamic collectivism, a combination of traditional collectivism and Western progressivism, as a characteristic of Korean organizational culture. Since the 2000s, the need to discuss organizational culture in the Korean business environment has been continuously recognized.

### III. Methodology

In this study, the organizational culture management system operated by Korean companies was to be analyzed in depth to overcome the management crisis. This study aims to observe the practice of forming and managing organizational culture among companies based on theoretical investigation into organizational culture. As to the study method, the mixed method that combines the quantitative method and qualitative method was adopted and supported by a literature review, survey, and in-depth interviews. The mixed method is a research method useful to understand and conceptualize complicated phenomena(Lee, 2006). This method is appropriate for the present study as it explores actual cases of organizational culture management among companies. First of all, as to the quantitative method, a survey was conducted in order to examine current conditions of organizational culture management. As to the qualitative method, the grounded theory was applied with in-depth interviews conducted in order to examine the orientation of organizational culture, organizational culture components, structure of organizational culture measuring tools, and ways to utilize organizational culture analysis data. The grounded theory is a research method used to theorize a certain situation

or phenomenon that occurs among, or is experienced by, a certain category of organizations or subjects(Bowers & Schatzman, 2009; Strauss & Corbin, 1994).

The survey was followed by in-depth interviews as a qualitative research method because it was necessary to examine specific cases of companies where independent measuring tools were established and utilized in order to form and manage organizational culture. Since such qualitative research methods contribute to promoting understanding of phenomena within an organization(Volpe, 2008), it was appropriate to apply one to this study which aimed to analyze the outcome of organizational culture as an organizational phenomenon based on the experiences of interviewees.

#### 1. Survey

The survey was conducted via e-mail among 35 department heads or managers related to organizational culture among 35 subject companies. 29 out of 35 distributed questionnaires were collected, and 28 were used in the final analysis with one set of incomplete answers excluded. The results of this survey showed that 11 companies were utilizing an organizational culture measuring tool developed independently. Other companies were using employee engagement survey tools provided by a global HR consulting agency or HRD company or other organizational measuring tools related to organizational culture. Some of the subject companies did not practice organizational culture analysis at all. Survey questions asked the subject companies' organizational culture managers mainly about the following three aspects: whether the company set the orientation of organizational culture clearly and sought to form and promote organizational culture actively through communications with members; whether regular measuring and analysis were practiced by means of a self-developed organizational culture measuring tool; and if an independent organizational culture

Table 2. Summary of the four study subjects

Company name	Type of business	No. of affiliates	Sales (USD)	No. of employees
S(1)	IT mobile device, semiconductor, white goods, display, heavy industry, chemical(secondary cell)	18	308 billion	203,602
H	Car, commercial vehicle, car part, high speed rolling stock	13	200 billion	146,066
S(2)	Mobile communication, semiconductor, petrochemical	18	108 billion	52,086
L	IT mobile device, display, white goods, chemical(secondary cell)	13	98 billion	123,467

※Source: Korea Financial Supervisory Service(2016)

measuring tool was in use, details about how organizational culture was measured, analyzed, and managed.

## 2. In-depth Interviews

In order to achieve the objective of deriving research outcomes based on actual cases of individual companies, this study adopts the method of analyzing individual companies' specific ways of operating organizational culture measuring tools. According to the results of the survey, it turned out that 11 companies were operating an independent organizational culture measuring tool, and one company introduced and internalized a measuring tool developed by an external agency. In-depth interviews were conducted with department heads or managers related to organizational culture at these companies. Interviewees had duties related to organizational culture, such as core value internalization, organizational culture diagnosis, and organizational facilitation programme planning and operation. The interview contents consisted of the direction of organizational culture, organizational culture elements, method of developing the organizational culture diagnostic tool, the structure and method behind the organizational culture diagnostic tool, and the analysis and method to use the diagnostic results. The data collected were analysed using Creswell's(1988) qualitative data analysis process in the following order: careful reading and organization of data → organized data categorization → categorized data interpretation → conclusion. Two experts with PhDs in Business Administration participated in the analysis to

minimize the researcher's subjective biases and ensure procedural completeness in the analysis process of the interview data.

Among the 11 companies that were operating an independent organizational culture measuring tool, 4 major groups in Korea were found to measure and manage organizational culture systematically based on the criteria of the Korea Financial Supervisory Service(2016), and the contents of interviews with interviewees from these companies were summarized. As a result, the survey revealed that four conglomerates, S(1), H, S(2), and L had diagnosed and analysed their organizational culture using a self-developed organizational culture diagnosing tool. These firms were selected as study subjects. These companies have been engaged in various business activities since their establishment in industries focusing on consumer goods, heavy industry, chemicals, and IT immediately after independence in 1945, and each created a unique organizational culture based on their founder's business policies.

## IV. Findings and Interpretation

### 1. Survey Results

The survey results show that 25 out of the 28 companies (89%) set the orientation of organizational culture and practiced activities to form the organizational culture. This indicates that most of the subject companies were practicing activities to promote organizational culture. It also turned

out that 11(39%) out of the 28 subject companies established and operated an independent organizational culture measuring tool, and that 7 companies(25%) utilized an organizational culture measuring tool or an organization measuring tool provided by an external professional agency. It also turned out that the companies utilizing a method developed by a global or domestic HR consulting agency measured organizational culture, member immersion, and organizational culture levels. 10 companies(36%) did not utilize any separate measuring tool for organizational culture level analysis at all. Although these companies did not practice organizational culture level analysis, it turned out that they also conducted activities to form organizational culture through organizational promotion programs such as employee assistance programs, flexible work systems, core value spreading, and so forth.

## 2. In-depth Interview Results

As the contents of the in-depth interviews with each subject company were analyzed, it turned out that these companies attempted to induce changes in visible aspects, such as organizational structure, system/institution, and human resource management structure, rather than invisible aspects such as members' values and beliefs in order to form the pursued organizational culture. As organizations need to change in the near term in line with rapidly changing business environments, one top priority is to form an organizational culture that can contribute to a common identity, solidarity, and immersion among members. Accordingly, one major management issue is to measure and manage the type and level of organizational culture effectively.

In particular, according to the results from analyzing the contents of in-depth interviews with individuals from the four domestic companies developing and operating a self-developed organizational culture measuring tool, it

turned out that they were managing organizational culture in the following three common steps. 1) Companies that established and operated an organizational culture measuring tool set the orientation of organizational culture and defined components promoting and contributing to organizational culture. 2) They determined the correlations among components and analyzed the extent of influence in order to derive accurate analysis results of organizational culture and thus to understand what aspects were required to improve the company-wide or organizational culture. 3) They were practicing organizational culture analysis on a regular basis by means of an organizational culture measuring tool. They also monitored recent trends based on outcomes of annual organizational culture analysis and examined correlations among components thoroughly with the results utilized as the basis for activities of organizational culture formation.

## 3. Organizational Culture Diagnostic Tools

The four conglomerates use self-developed organizational culture diagnostic tools to strengthen cultural competence and improve employees' solidarity and immersion in their work. The following subsections discuss the operational status of the organizational culture diagnostic tool within each firm.

### 1) S(1) Group

S(1) began using its own internally developed tool called the Culture Index in 2006 to create and manage a unified organizational culture throughout its affiliates. The Culture Index is composed of three domains, 17 factors, and 80 questions. The three domains are work, relations, and system, and the questionnaire consists of items proposed in earlier studies related to the 17 factors(Samsung Economic Research Institute, 2011). Of the three domains, the work domain is related to motivation through job satisfaction and accomplishment, challenging goals, and feedback; the

Table 3. Culture index structure

Domain	Work	Relations	System
Outcome (healthy culture: participation/satisfaction)	Ownership Job satisfaction Motivation	Companionship Teamwork	Organizational participation Organizational immersion
Mindset (awareness/attitude)	Confidence Exhaustion	Subordinate confidence Superior confidence	Confidence in the company Self-esteem
Driver (business management)	Work design Work management	Mind management	Communication System operation

relations domain is related to employees' mind management and the relationship and solidarity between teams and between superiors and subordinates; and the system domain is related to communication channels and organizational confidence. The firm uses the Culture Index to easily find factors that need improvement by conducting a root cause analysis through a regression of the relationship between factors, and comparing this with a hypothesis based on the relationship between existing factors.

2) H Group

H Group used the Employee Opinion Survey provided by an external agency to diagnose organizational culture in the past, but has used their own since 2013, called the Work Smart Index(WSI). The WSI closely analyses how employees work, and focuses on discovering areas that need improvement for more effective work performance. The WSI has three domains: Work, People, and Infra, and 75 questions. The Work domain focuses on diagnoses to improve ineffective work practices, the People domain diagnoses the main agents of organizational changes, and

the Infra domain diagnoses the entire group's support system to improve work efficiency. The WSI is highly applicable because it emphasizes managing changes in employees' work styles and improving organizational work efficiency.

3) S(2) Group

S(2) developed an organizational culture diagnostic tool called the Culture Survey and has applied it to the company's affiliates since 2005. The Culture Survey comprises four domains, 15 factors, and 50 questions. The most distinct feature of the Culture Survey is that it uses the iceberg organizational model proposed by Schein(1985) as a framework to diagnose and analyse its organizational culture. That is, the questions in the Culture Survey are based on tacit assumptions, espoused values, and artifacts, which enable the company to analyse fundamental causes of its cultural phenomena. The Cultural Survey is an advanced diagnostic model because it is structuralized academic theories proposed in studies related to organizational culture to materialize and implement the findings in the workplace.

Table 4. Work smart index structure

Domain		
Work	People	Infra
Work suitability	Mutual cooperation	Organizational immersion
Work process improvement	Change-oriented	Change management
Work overload	Flexibility	Work efficiency
Work immersion	Value compliance	Organizational support level
Exhaustion	Communication	Equal opportunity

Table 5. Culture survey structure

Domain	Level		
	Employee	Unit organization	Company
Happiness/Culture level	Happiness	Value compliance Innovation-oriented Flexibility	Change and performance improvement
Person/Culture innovation	How employees work (speed, executionability, flexibility)	Organizational atmosphere (vitality, confidence, teamwork)	Work satisfaction
Leading change	Understanding shared values	Managers' will to change	CEOs' will to change
Factors that hamper change	Meaningfulness of work Affection toward the company	Organizational energy level	Corporate atmosphere (department egoism, discrimination)

Table 6. L-way survey structure

Category	Domain	Sub domain
Influence factor	Customer value creation	Customer focus Actual value offering Innovation implementation
	Human-oriented management	Creativity, autonomy, respect Human-oriented Performance focus Ability development/ Display maximization
	Precision management	Honesty Fair treatment Legitimate competition
Result factor	Global competence	Pursing and realization of global best
	Others	Confidence in the management Organizational prospect Turnover intention Corporate social responsibility(CSR) level

#### 4) L Group

L Group has used its internal L-Way Survey since 2005 to diagnose employees' awareness of the firm's desired organizational culture. The L-Way Survey has five domains and 50 questions, and its main purpose is to check the entire company's creativity and innovation levels.

Organizational innovation has five questions, and creativity and autonomy and mutual respect contain six questions each. The L-Way Survey clearly connotes the firm's vision and values, which regards employee creativity as a determinant for organizational innovation. Accordingly,

the tool is suitable for diagnosing organizational culture to facilitate creativity at the company level.

In this way, the four conglomerates use their unique self-developed tools, which reflect their cultural intention to diagnose their organizational culture.

The actual cases of organizational culture analysis among major group companies in Korea—S(1) company, H company, S(2) company, and L company—were analyzed specifically in this study, and the characteristics of their organizational culture measuring tools are summarized in <Table 7> below:

Table 7. The structure of each company’s organizational culture measuring tool

Classification	S(1) company	H company	S(2) company	L company
Title	Culture index	Work smart index	Culture survey	L-way survey
Purpose	To understand the root cause of issues and problems within an organization	To check the level of organizational culture aimed at the realization of core values and member behavior principles in H group	To analyze/monitor achievements of organizational/member change promotion activities; to derive issues for innovation	To analyze member immersion into and realization of values (L Way) in L group company
Scope	3 areas: personal (work), team / relations, and company (system)	9 areas including organizational immersion, evaluation fairness, attractiveness of rewards, level of human resource training, and organizational soundness	13 areas including organizational atmosphere, leaders’ roles, and level of achievements recognized by members	10 areas including customer-centeredness, human-centeredness, respect for creativity/autonomy, creation through innovation
Method	On-line Survey, Interviews with each level/organization	On-line Survey, Interviews with each level/organization	On-line Survey, Interviews with each level/organization	On-line Survey, Interviews with each level/organization
Cycle	On a yearly basis	On a yearly basis	Bi-annually	On a yearly basis
Questions	80	60	50	50
Analysis contents	Basic statistical analysis, yearly trend analysis, factor-to-factor regression analysis, interview record analysis	Basic statistical analysis, yearly trend analysis, interview record analysis	Basic statistical analysis, yearly trend analysis, factor-to-factor regression analysis, interview record analysis	Basic statistical analysis, yearly trend analysis, interview record analysis
Corrective measures	Application to business division (official) improvement activity, executive member KPI evaluation, etc. based on the results of comprehensive analysis	Application to business division (official) improvement activity based on the results of trend analysis	Application to business division (official) improvement activity, executive member KPI evaluation, etc. based on the results of comprehensive analysis	Application to business division (official) improvement activity based on the results of comprehensive analysis

## V. Discussion & Conclusion

### 1. Discussion

Through this study, we wanted to confirm based on the case of Korean companies what organizational culture management methods companies should maintain to cope with potential crises under the recent global economic recession. This study is of significance in that it presents research outcomes based on previous studies regarding organizational culture in Korean business management environments, particularly with regards to types of organizational culture among Korean companies, characteristics of organizational culture in Korean business management environments, and effects of organizational culture on organizational performance (Kim and Park, 1998; Kim, 2000; Jo *et. al.*, 2007) in addition to the results of a case study on the mechanisms through which Korean

companies formed and managed desired organizational culture on an organizational level.

Based on the findings of the research derived from theoretical investigation into previous studies related to organizational culture, the survey, and in-depth interviews with individuals from companies, this study presents five steps for organizational culture measuring tool development as an organizational culture management framework in a more practical perspective. Suggestions of this study are based on the organizational culture structure of Schein(1985) as a framework because it classifies factors of organizational culture based on specific artifacts such as tacit assumption, organizational value, organizational structure, work process, institution, leader behavior, and so forth. In addition, this organizational culture structure specifies the organizational culture formation process that is rooted from a tacit assumption and represented with artifacts. The five steps

of the organizational culture management framework suggested by this study are as below:

1st Step: Set the direction of a company's organizational culture. A growing company must secure stability through formality, and setting the direction of organizational culture can help successfully achieve management goals. The direction of organizational culture is based on the organizational consensus in terms of the strategies, visions, missions, core values, the business life cycle, and employees' values based on the management philosophy.

2nd Step: Establish an organizational culture structure, which is the framework that contains the organizational culture diagnostic tool. This study proposes adding Martin and Siehl's(1983) management implementation stages to Schein's(1985) three-level organizational culture structure. In other words, a fourth stage of management implementation should be added to the tacit assumptions, espoused values, and artifacts within the organizational culture structure.

3rd Step: Establish the components of organizational structure, arrange them in the organizational culture structure, and define the causal relationships between the components. Classify the organizational culture components into influence factors and result factors. The result factors are important because they represent the organization's ultimate goals by creating its organizational culture.

4th Step: Select questions for each component and use these to create a diagnostic tool. Select reliable and valid survey questions by examining academic papers.

5th Step: Conduct a survey of employees using the tool, analyse the causal relationships between factors that affect the result factors, and identify areas to improve areas from the perspectives of the organization, people, and system.

## 2. Conclusion

In summarizing of the findings of this study, it is of importance to enhance values by utilizing an organizational culture measuring tool consistently and continually with a mid/long-term perspective. Organizational culture analysis needs to be practiced with a survey and other supplementary methods, such as interviews, with each unit organization, and it is necessary to derive ways of improving and promoting organizational culture based on the research outcomes. Specifically, organizational culture analysis needs to be practiced consistently and continually with a mid/long-term perspective in order to understand and address problems that might occur in the relationships and context of factors forming an organization's culture, which can, ultimately, enhance the value of utilizing the measuring tool. In other words, the four conglomerates in this study use their own organizational culture management frameworks to improve how they detect predicted risks, and thus create and manage their organizational culture proactively. That is, this study confirmed that some firms use an organizational culture management framework as an important management tool to implement organizational strategies.

Multinational companies aim to promote sustainable growth by gaining a competitive edge in global markets through an established integrated management system. Integrated management systems require support from the organizational structure, decision-making processes, and employee competence. It is important to remember that all factors in an organization reveal the organization's structure. Organizational culture can facilitate but also inhibit organizational changes simultaneously(Schein, 2003). Therefore, it is important for an organization to establish and use a framework wisely to manage their intended organizational culture. This study confirms that some leading Korean companies have established an organizational culture management framework to create and manage a predetermined

culture. These companies use their framework to continuously check and improve their cultures. Furthermore, the findings show that the companies' active efforts to create and manage their organizational cultures had a positive influence on management performance. Therefore, it is important to provide not only tangible organizational surroundings, such as the working environment, but also intangible surroundings, such as the organizational culture management framework, that connect the company to its employees.

In consideration of these aspects stated above, it is time to practice in-depth discussion on how to measure organizational culture and with what specific procedures and methods. The findings of this study verify that when it comes to formation of organizational culture as a core competency, organizational culture needs to be recognized as an important tool for business management with efforts put forth into actively forming and managing organizational culture, rather than merely passively waiting for its formation. There may be limitations to generalizing the study results, since this study examined only Korean companies. However, considering that the study subjects have been successful in global markets as leading international companies, this organizational culture management framework model may apply not only to Korean companies, but also to companies based in other countries to manage their organizational culture. Follow-up studies demonstrating the effectiveness of the organizational culture frameworks identified in this study could lead to more extended research results.

In conclusion, the results indicate that it is necessary to establish an organizational culture management framework through active interventions implemented at the enterprise level and to analyse and improve the causes of issues in the organization from the cultural perspective using the framework. This can improve organizational performance to create a mature organizational culture.

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## 불확실한 경영환경 하에서의 잠재적 위기에 대응하기 위한 한국 기업의 경영실행 방안에 관한 사례 연구

- 조직문화 관리 관점을 중심으로 -

국문초록    강하고 고유한 조직문화를 보유한 기업일수록 높은 경영성과를 거둔다는 인식이 확산되고 있다. 기업은 여러 대내외 요인으로 발생하는 경영위기 상황을 극복하기 위한 다양한 방안을 실행한다. 조직문화는 기업의 성장과 생존을 가능하게 하며, 경쟁우위 확보에 핵심적인 역할을 한다. 하지만 조직 전반에 걸쳐 내재되는 속성을 가진 조직문화를 관리한다는 것은 쉬운 일이 아니다. 최근 자본과 기술을 축적한 많은 한국기업은 지속적인 성장을 뒷받침하는 경영 시스템을 구축해 왔는데, 특히 조직문화의 관리에 초점을 두어 왔다. 본 연구를 통해 잠재적인 위기에 대응하기 위해 최근 전 세계적으로 지속되고 있는 경제 불황 하에서 기업이 견지해야 할 조직문화 관리 방법은 무엇인지 한국 기업의 사례를 바탕으로 확인하고자 하였다. 본 연구에서는 한국기업이 실행하고 있는 조직문화 관리 프랙티스를 심층적으로 분석함으로써, 효과적인 조직문화 관리를 위한 시사점을 도출하고자 하였다.

주제어 : 조직문화, 조직문화 관리, 조직문화 진단, 한국적 조직문화

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