

Executive Leadership Trends and Challenges in Korea

As a member of our global partnership, Strategic Executive Search (SES) services the executive leadership requirements of our clients in Asia with offices in China, India, South Korea, Singapore, Taiwan, Japan and the Philippines. Gary Koh, Managing Partner, and William Sisson, Senior Consultant, of SES's Seoul office recently shared some observations on executive leadership trends and challenges in South Korea.

South Korea has emerged as a leader in advanced technology research and development. The government continues to increase the national R&D budget to enhance South Korea's global competitive advantage in the technology industry with a particular emphasis on the semiconductor, display, clean technology, biotechnology and nanotechnology sectors. Korea's large R&D budget has helped both major global Korean companies and small and medium enterprises (SMEs) stay at the forefront of innovation.

As a result, South Korea is a particularly attractive arena for joint ventures. Many foreign companies are teaming up with both Korea-based SMEs and large multinationals to share technology and research. From a foreign direct investment standpoint, South Korea is a prime location for R&D operations due to the many opportunities for partnerships and financial support.

The Importance of Understanding Korean Business Culture

For joint ventures, SMEs and Korea-based multinationals alike, it is becoming increasingly important to have native Korean leaders in senior positions due to their knowledge of market dynamics, cultural standards and business protocol that are not easily understood by foreigners.

For example, Korean businesses place value on age and wisdom over direct experience when considering candidates for leadership positions. Koreans also attach great value to personal relationships and trust as a basis for making business decisions, regardless of how beneficial a potential agreement may seem.

Such cultural nuances underscore the value of Korean talent to ensure the communication and rapport with employees, management, executives in foreign offices, and the government are strong and in line with Korean culture.

Challenges with Recruiting Korean Executives

Korean executives have been traditionally very loyal to domestic companies and therefore reluctant to join foreign multinationals or joint ventures. However, attitudes towards joining foreign-owned companies have started becoming more open in recent years as Korean executives have gained more exposure to business practices and career strategies observed in Western countries.

In recent years we have observed foreign joint ventures and multinationals offering compensation packages that mitigate the perceived risks of Korean executives. In addition to standard elements such as relocation packages, cash compensation increases, and equity, we have seen additional benefits such as education subsidies, employer-provided vehicles and allowances.

About SES South Korea

The SES Seoul office was founded in 1987 by Gary Koh, an executive search veteran with over 24 years of experience placing senior-level executives. Although the Seoul-based team regularly conducts assignments across a

broad spectrum of industries, they have particularly strong expertise in the sectors that have experienced the greatest demand in recent years, including clean technology, telecommunication, semiconductor, finance and private equity. Each of the 20 consultants has deep industry and functional domain expertise acquired during their careers prior to entering the field of executive search. Comprising both native Koreans as well as a U.S. national and native English-speaker, the team in Seoul is uniquely qualified to help foreign companies navigate the cultural challenges faced when recruiting for key executive positions in the local market.

Selected Recent Placements by SES South Korea

- Korea-based financial group with \$200B+ in assets – Chairman & Chief Executive Officer
- Korea-based bank with \$200B+ in assets – Chairman & Chief Executive Officer
- Government-owned energy company – President & Chief Executive Officer
- US-based semiconductor company – Chief Representative & Advisor; Chief Executive Officer, Solar Business Unit
- \$9B+ global equipment, service and software provider – Managing Director
- \$3B+ leading process control and yield management provider – Managing Director
- Dataplane processor unit manufacturer – Chief Executive Officer