

The Dreaming-Sharing-Excitement Model of K-Management and K-Entrepreneurship: The Global Rise of Hyundai Motors

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Korea, which was one of the poorest countries in the 1960s, experienced immense growth in a relatively short period of time and has thus been benchmarked by various countries. How can we explain the great performance of enterprises in Korea during its last 60 years of economic development and growth? This article answers this question through the development of a behavioral model to explain Korean management (K-Management) and firm performance. Korean firms used speed management, excitement management, destructive innovation, and creativity management, all of which form key components of K-Management.

While many variables help explain firm performance, this article shows that philosophy drives and impacts structure and behavior, and thereby, performance. We propose the K-Management model, socio-psychological or behavioral approach, through the Dreaming-Sharing-Excitement (D-S-E model) that guides, motivates, and harmonizes behaviors of employees, partners, and customers. This K-Management model is based on K-Entrepreneurship, which focuses on accepting challenges toward the future through dreaming.

We examine and analyze the growth pattern and strategy of the Hyundai Motor Company from 2000 to 2013 through an application of the D-S-E model. Since Hyundai introduced the 100,000 miles 10-year warranty program in the U.S. auto market in 1999, they were able to become part of the GT5 (Global Top 5) in terms of automobile quality, competing with the likes of Toyota and other more established firms. In 2004, Hyundai Sonata, once recognized as a low-priced, poor-quality car, defeated Toyota Camry and Honda Accord, and ranked first in the intermediate car segment (Initial Quality Survey IQS of JD Power). Hyundai overcame the curse of incumbency and initial failure through the strength of its vision, which in turn fostered innovations in design, enhanced creativity, and increased productivity, all of which produced sustainable growth.

Key Words: K-Management, Dreaming-Sharing-Excitement Model (D-S-E Model), K-Entrepreneurship, Evolution of Company, Hyundai Motors

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I. Introduction

Korea has impressed the world with its rapid economic growth and by how it was able to rebuild its business ecosystem after the Asian financial crisis of the late 90s. The story of how the country's economy blossomed and how its own brand of Korean entrepreneurship (hereafter referred to as K-Entrepreneurship) fostered the rise of global companies like Hyundai Motors, all within a few decades, has sparked wide interest and curiosity in economics and management studies. Observers have sought insight into how Korea was able to "miraculously" produce globally competitive companies within such a short time span. Although previous research in relation to Korean business health and sustainability have been done such as the cases of GM Korea (K.-C. Kim, Park, Lee, Capoy, & Fine, 2012), and the Incheon International Airport (K.-C. Kim, Lee, Cruz, Enriquez, & Baek, 2014), this article contributes to the discussion by arguing that one of the key contributing factors for this economic success has been a specific form of corporate entrepreneurship, referred to as Korean management (hereafter, K-Management).

More specifically, existing literature on K-Management has usefully addressed firm-level strategies, government policies, effects of space and distance, labor inputs, and cultural aspects (Erramilli, Srivastava, & Kim, 1999; Jung & Takeuchi, 2014; Nam, Choi, Comprix,

& Kwon, 2012; Yang, 2006). However, there has been a paucity of analyses that take a behavioral approach to entrepreneurship in Korea. This article addresses the lacuna by applying a behavioral theory approach to examine the core elements of K-Management. Further, this paper argues that key behaviors that lead to a company's success can be captured in the behavioral model developed, the Dreaming-Sharing-Excitement (hereafter, D-S-E) model. This approach illustrates the interactions of the key behaviors that produce a virtuous cycle, one that paves the path towards ecosystem growth and longevity.

The theoretical context for this article is detailed in the second section, providing an outline of the existing literature on "dreaming" (in Korean, *kkum*) and "excitement" (*heung*). In the third section, based on this analysis of the two components, we outline the D-S-E behavioral model then apply it to the case of Hyundai Motor Company through a longitudinal analysis covering 2000 to 2013. Then, the business health of the company is diagnosed using the D-S-E model in the fourth section. Finally, we summarize our findings and discuss the larger implications of the study in the Conclusion.

II. Theoretical Background

2.1 Behavioral Approach

William Ouchi argues that an essential ele-

ment of Japanese management can be characterized by Theory Z (Ouchi, 1981). This theory purports that increases in productivity is the result of having workers with higher levels of commitment. This highly committed workforce is in turn, raised and molded and by a deeply ingrained set of standards, habits, and culture founded on trust and familial affinity. For American management, Michael Porter argues that successful firms understand and apply the structure-conduct-performance (SCP) model. SCP model posits that conditions of supply and demand in an industry ascertain the behavior and reaction of companies and in turn control the performance of the industry (Porter, 1985; Smit & Trigeorgis, 2004).

K-Management is a powerful combination of Japanese management and American management styles. Japanese work behaviors such as diligence, discipline, and harmony (teamwork) are also widely practiced by Koreans. Elements of the American management system such as meritocracy performance management, focus on strategy, and dependence on external labor market, have also been incorporated into K-Management. However, K-Management diverges from Japanese and American management in its practice of sustained and deeper emotional connection with the employees, which is convergent with the growing recognition of the importance of affect and employee motivation in management studies (Cardon, 2008; Hayton & Cholakova, 2012; Latham & Pinder, 2005). The way K-Management focuses on

creating an environment of trust and togetherness among their employees has resulted in having a cohesive and highly motivated workforce. This unity has enabled the company to pursue its vision because of better company flow brought about by less conflicts and complications.

This article addresses the distinctiveness and the advantages of K-Management through the behavioral approach. Behavior, defined by Robbins and Coulter (2007) is simply “how people act”. The assumption that individual behavior within organizational contexts is central to a firm’s performance is the foundation of the behavioral approach (Cooke & Rousseau, 1988; Schein, 1985; Scott, 1962, 1967). This approach presents a more psychologically-grounded means of examining how duties are fulfilled and how interactions are managed in the firm. This paper asserts that the D-S-E model best illustrates the phenomenon that is K-Management.

2.2 Dreaming

In the corporate world, a vision that capture the firm’s ambitions and dreams often reflects the viewpoint of corporate founders (Joachim, 2010). While there is no common or definitive definition of vision in the leadership, business strategy, and entrepreneurship literatures, we adapt Peter Drucker’s definition of an entrepreneur to explain what a corporate vision or dream is. According to Drucker (1964), an entrepreneur is someone who pur-

sues change, takes action, and capitalizes on it as a new opportunity. This paper thereby defines a corporate vision or dream through three Cs: pursuing change through seeking Chance, taking action and responding to a Challenge, and making use of this opportunity to Change.

2.2.1 Chance

Chance starts in the ability to recognize the desire and the opportunity for a better future, as reflected in Pejza's (1985) definition of vision as, "a hunger to see improvement". As Wootton and Horne (2010) described, corporate vision is the resonance of desires, values, and possibilities. At times, these corporate visions are set high to serve as a challenge to the workforce, defy convention, and lead them to think outside the box (Bennis & Nanus, 1997). Without the desire or hunger for something better, there will be no purpose and reason for seeking out new opportunities. Chance, therefore, is the search and recognition of possibilities and opportunities in order to bring forth improvement and development from the current state.

2.2.2 Challenge

Challenge is the inspirational and motivational response to the perceived chance. It is the willingness and commitment to make the aspiration a reality regardless of the difficulties, competition and limitations that may

be encountered. Here again, corporate vision is the key component of Challenge. Nanus (1992) emphasizes the importance of corporate vision and stresses its importance as it is the force that keeps the employees away from misperception and misconduct. A key element of vision, according to Collins and Porras (1996), is having a defined central philosophy which acts as the root of guidance and inspiration that allows the organization to recognize opportunities in expected or unexpected change. It is also presented as an imaginative and challenging view of the firm's prospective goals and responsibilities which might lead to discovering important opportunities outside the company's current scope (Lynch, 2006). Limits, rivalry, and adversity is received in a positive light, and not viewed as disruptive. These occurrences are seen as avenues to improve their dynamic capability as well as organizational growth and unity.

2.2.3 Change

The notion of Change deals with the gap between knowing and doing. It is the transition from recognizing the chance and converting it to reality. Envisioned future, the second major component of the vision framework as depicted by Collins and Porras (1996) is comprised of daring goals for a period of around 10 to 30 years, paired with clear visions of the future when these goals are realized. These long-term Big, Hairy, and Audacious Goals (BHAGs) require extraordinary effort

and should not have a 100% probability of success, but the organization should believe it is able to achieve those audacious goals anyway. BHAGs should be clear and compelling with a clear finish line to engage the members of the organization and to act as a catalyst for team spirit. Vivid descriptions, on the other hand, are the translation of the vision from words into pictures. It creates an image for the members of the organization enabling them to picture the tangible results of the BHAGs. These vivid descriptions should be comprised of passion, emotion, and conviction because they project a realistic picture wherein the members of the organization already imagine themselves a part of it even though it involves a state not yet realized. Collins and Porras also advise replacing achieved BHAGs with others to stimulate progress and avoid complacent lethargy within the organization.

2.3 Sharing

Communication is an important instrument to achieve company objectives, guide and motivate employees, address conflicts, and convey instructions and decisions (Lupu & Voicu, 2006). If firms fully utilize their communication channels, they would be able to get through problems brought about by challenges from outside forces (Réka & Borza, 2012). Effective organizational communication thus creates a clear image that provokes emotion and enthusiasm (Lynch, 2006; Thompson, Gamble,

& Strickland, 2005). Knowing the purpose of their actions will boost their motivation as well as enable them to know what they should do in order to translate the corporate vision into concrete action.

The use of emotional intelligence in communicating is a powerful method to inspire followers as it facilitates a leader's capability to come up with shared objectives, conveys the significance of undertakings, and inspires the workforce through breeding trust, passion, and confidence (George, 2000). This confidence bred through communicating an exciting dream helps transformational leaders engage followers (Ashkanasy & Tse, 2000). Further, the most effective force for change are said by Groves (2006) to be brought about by passionate and articulate visionary leaders.

2.3.1 Internal Communication

Internal communication is composed of interaction within and between the members of the organization. This communication involves official communication such as memos, guidelines, policies, etc. It also includes unofficial communication such as proverbial conversations, opinions and discussions in a relaxed atmosphere. Internal communication is regarded as a vital practice from which the workforce interacts, cultivates ideals, develops company culture, regulates undertakings, collaborates to attain organizational objectives, and builds relationships (Berger, 2009; Redding & Sanborn, 1964; Réka & Borza, 2012; Ruck & Welch,

2012). The organizational member becomes more informed and will be able to understand what happens within the organization, thereby increasing the motivational levels that in turn generate improved overall company performance (L. Smith & Mounter, 2008).

The shamanist heritage in South Korea promotes emotional intelligence that is exemplified through *injung*. This pertains to the spontaneous emotion felt amongst individuals which is not taken from formal obligation as required in vertical relations (Doi, 1981; Lee, 1983). Sensitivity to other individuals' emotions are characteristic to those with *injung*. As such, they are more open to offer support to sufferers. Within the organization, people with *injung* are more likely to be ranked higher than their contemporaries who simply solve problems logically but cannot gain the trust and rapport of their coworkers. This *injung* has a higher effect with individuals within the person's "in-group", those bound by familial or relational ties, compared to those outside. The concept of *injung* is very much apparent in the hierarchical Korean society, as it essential in sustaining a harmonious relationship among people (Song & Meek, 1998). In addition, the Korean culture characterized by spatial, non-verbal, as well as physical cues (high-context culture) play an important part in general interactions (Hall, 1977). Individuals should be able to discern facial expressions and detect body language expressions when dealing with other people, emphasizing indirect communication's significance (Song & Meek,

1998). The country's enduring tradition of *injung* and high-context culture greatly facilitates the sharing of the corporate vision, fostering a dynamic reaction resulting in high work performance.

2.3.2 External Communication

External communication is the firm's communication and interaction with the environment, its ecosystem and its members (Heath, 1994; Juris, 2004). Guffey, Rhodes, and Rogin (2010) note that external communication is comprised of disseminating information about the organization's products and services. In other words, this is the way the firm persuades others to consume them; define their relationship with stakeholders; and how they project an encouraging view of their group to the market (Réka & Borza, 2012). External communication may range in form from annual reports to press kits (Saunders, 1999). Other forms of communication aimed at the general public such as conferences, speeches, charitable projects, and the like are also included in this category.

The organization's brand image is also affected by its external communication. Communication activities connected to external branding impact public opinion, and in essence, that of potential customers (Foster, Punjaisri, & Cheng, 2010). The quality of customer service enhances the brand image perceived by existing customers and influences potential customers as well.

2.4 Excitement

A harmonic entrainment is formed when the corporate dream is shared and communicated with a deep emotional connection to all the members of the organization. It comprises the degree of synchronization, or more deeply, harmonization through the eyes of outside forces (Ancona & Chong, 1992). In this case, the corporate dream is adapted as a personal dream for everyone in the organization. The gestalt-like harmonization as perceived by others is referred to in this paper as excitement. Excitement is the emotional response elicited from adopting the corporate dream as their personal dream. This creates a feeling of happiness and a sense of purpose as well as openness to work with other members of the organization in order to make the dream a reality. Work environment is transformed into an exciting place that secures a better future rather than a dull and boring place full of deadlines and pressures.

Excitement results in chaos, amplification, and commitment. It is chaos that prompts the firm's treasure hunting activities and reinforces creativity, essential in sustaining a healthy business ecosystem. The carnival effect or *chukje ireon* in Korean embodies amplification (Ryoo, 2013). It pushes the organization into taking swift action in order to seize viable opportunities within the competitive and oftentimes volatile business environment. Organizational commitment on the other hand encourages collaboration and mutual trust

within organization members and evokes a spirit of togetherness that results to high productivity.

2.4.1 Carnival Effect and Treasure Hunting

With excitement, carnival effect and chaos are viewed as forms for transformation. Creativity is at its highest on the boundaries of chaos (Dolan, García, Diegoli, & Auerbach, 2000; S. Smith & Paquette, 2010). An organization is forced to widen its options and stimulate its creative activities when there is plenty of chaos inside the built-in structure of the organization (Nonaka, 1988). The firm must thereby conduct treasure hunting in order to subdue this chaos. Bringing order to this comprises a creative pursuit of opportunities. Exploration involves firm activities comprised of elements like search and discovery, experimentation and risk taking, as well as innovation (Cheng & Van de Ven, 1996). Creativity is defined as a process of finding what has not been considered (Gilliam, 1993). Weinman (1991) further defined creativity as the ability to go against the preset categories and repetition and focusing on going beyond the mundane and obvious. In psychology, creativity is deemed as a process of being aware and sensitive to difficulties; recognizing problems; actively searching for resolutions; weighing the options; and lastly developing a fresh concept to be communicated (Torrance, 1965; Wallas, 1926).

2.4.2 Contagiousness and Teaming

Contagiousness is the diffusion of and transference to others of the delight and positive energy driven by excitement (Grafton, 2007; Y. G. Kim, 1982). This can also be 'infectious development' as it creates harmony between all internal and external parties relevant to the organization, producing an environment where everyone is eager to collaborate, and work together to help cultivate and promote a positive working atmosphere conducive to mutual growth.

In excitement, the key factor that drives and motivates the workforce is contagiousness. It fosters firm-wide unity and collaboration, and positively impacts the other members of its business ecosystem (Scarnati, 2001).

2.4.3 Flow Effect and Timing

Flow is a psychological state where one is so completely absorbed in the activity at hand (Csikszentmihalyi, 1990). In this state, demonstrates a high level of commitment to the task at hand. There are three different kinds of organizational commitment according to Allen and Meyer (1990): continuance, normative, and affective. Continuance commitment encapsulates probable costs related to exiting the firm. On the other hand, normative commitment is founded on perceived obligational loyalty to stay and contribute to the firm. Lastly, affective commitment is fueled by positive experiences related to the working

with the firm. This flow-inducing commitment is the most ideal kind, but it is also the most difficult to come by.

Flow and the positive energy that fuels it empowers the firm into taking action towards grabbing opportunities. Timing embodies this capability to swiftly seize any prospective opportunity at the right moment. It requires knowing when to announce, where to present, and how to make use of the treasure hunting hauls, as market-entry often proves to be the main cause behind the success or failure of new products (Booz, Allen, & Hamilton, 1982; Crawford, 1977; Hopkins & Bailey, 1971). The viability of these products is greatly affected by competition, as well as the business environment wherein the organization belongs, making market creation essential for sustainability and growth (K.-C. Kim et al., 2014). This volatility, which could potentially bring failure to otherwise great organizations, can be counteracted by applying business policies suitable for such uncertainty-ridden environment (Wunker, 2011).

III. The D-S-E Approach

The concepts of K-Management and K-Entrepreneurship can be set apart from others because of its characteristic having a shared dream or vision, which is communicated to its workforce by the leader through both verbal and emotional means. Through this, mem-

bers fully comprehend their functions and contributions as essential to the success of the organization. This clear understanding of the shared dream or vision by the workforce facilitates the smooth and speedy transition to the attainment of the organization's success. This D-S-E conceptual framework is applied to Hyundai Motors case below.

3.1 The Hyundai Motors Case¹⁾

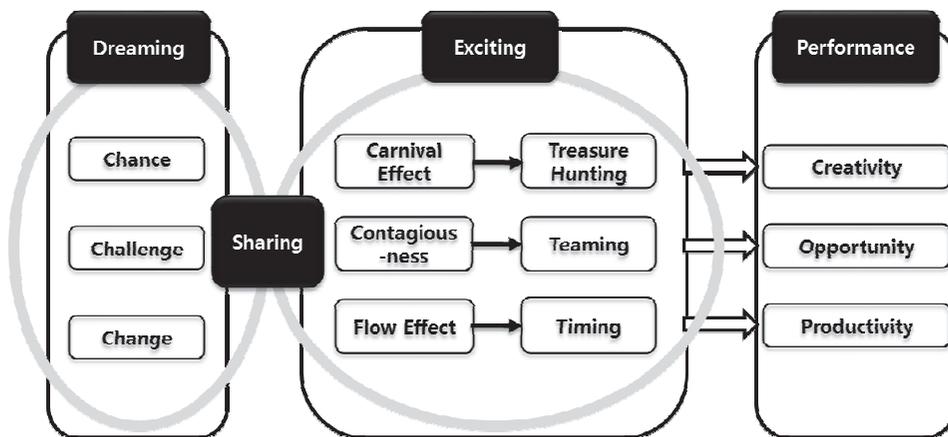
The Dream-Sharing-Excitement behavioral theory approach of K-Management and K-Entrepreneurship is fully illustrated in the case of Hyundai. It is through this spirit of dreaming, sharing, and excitement that Hyundai has been able to provide value to its market and cement its place in the automotive industry. How this D-S-E paradigm applies to Hyundai and its business ecosystem would be discussed in the sections that follow.

3.1.1 Dreaming

The Hyundai Motor Company did not start as a manufacturing company. Hyundai's initial business was in assembling cars and trucks for the Ford Company. Through the subcontracting arrangement and collaboration with Ford, Hyundai learned the manufacturing technologies of the automobile industry. The key for the purposes of this article is that Hyundai's success in the domestic market did not stop it from pursue larger goals. The company dreamed to be a part of the Global Top 5 (GT5) automakers. Now, the Hyundai Motor Company is one of the largest automakers in the world.

1) Chance

Hyundai Motor Company dominated the Korean domestic market in the 1980's. In 1986, Hyundai



<Figure 1> The D-S-E Paradigm

1) Data obtained from the Worldwide Official Website of Hyundai (2015b)

Motor Company successfully entered the American market, which was the biggest automobile market in the world, with its new Hyundai Excel car. In the first year of entry into the U.S. market, Hyundai sold more than 160,000 units, and in the following year, sold more than 260,000 units. Due to the Hyundai Excel's affordability, the model was adjudged to be the "Best Product #10" by Fortune magazine in 1986.

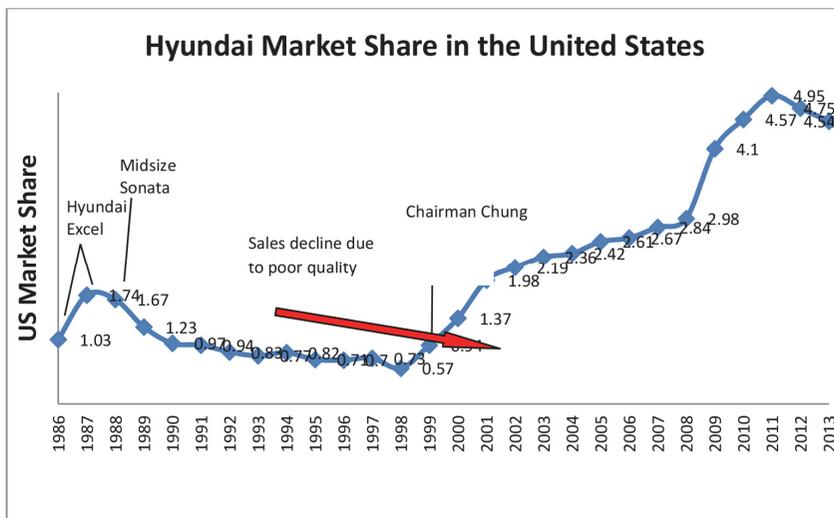
In 1988, the model midsize Sonata was introduced in the U.S. This was the first model created by Hyundai using its own technology, but it tarnished Hyundai's image in the U.S. market because of the vehicles' poor durability and reliability. For this reason, Hyundai's sales in the U.S. market declined in the succeeding years.

In 1999, Hyundai Motor Company transi-

tioned to a new executive when Chung Ju-Yung's son, Chung Mong-Koo, assumed the leadership of the company. It was under this new management that Hyundai Motor Company produced a turnaround in its image and its fortunes. Chairman Chung Mong-Koo announced that Hyundai Motor Company's vision or dream is to become one of the GT 5 automakers in terms of production and quality.

2) Challenge

In his first year of office, Chairman Chung Mong-Koo faced a serious problem. Hyundai sales in the U.S. market were rapidly and continuously losing ground because Hyundai vehicles became known as being cheap and low quality. The new chairman previously worked at Hyundai's industrial division, iron and steel making, and Hyundai Motor Service,



Source: Hyundai Worldwide | Financial Information (2015a)

<Figure 2> Hyundai U.S. Market Share

concentrated on product repairs and follow-up service. These experiences enabled him to see the consequences of poor quality firsthand.

Chairman Chung Mong-Koo adopted quality as an absolute and non-negotiable value as his core business philosophy. Employees of Hyundai repeatedly say this statement, "Lose quality, lose everything", to remind themselves about the importance of quality. This enabled the company as a whole to focus all the capabilities and resources on achieving innovation in quality and management.

3) Change

To fast track the implementation of this quality-first vision, Hyundai declared the 10-year, 100,000 miles policy in 1999. This bold move of the company caught the attention of customers worldwide. This unprecedented warranty offer immediately boosted Hyundai's sales in the U.S. by 46% in a year's time. However, merely announcing the warranty offer would not solve Hyundai's quality problem. In the long run, Hyundai would still lose to competitors without addressing the real issue of quality improvement.

Hyundai implemented an aggressive quality innovation plan spearheaded by Chung Mong-Koo. He continuously urged all employees and executives to view quality as a necessary and a sufficient condition for the consumer. He developed new quality organizations and systems. Because of his career background, he knew that quality is achieved on the workshop floor, where the manufacturing took place. He ac-

tively engaged with employees working on various sites. He regularly visited quality assurance sites in and outside Korea to strengthen the commitment to quality. He also interacted with production workers and initiated frequent conversations to reiterate the importance of quality.

In addition, quality innovation was not only limited to the automobiles. Hyundai was able to apply it in the form of processes and operational innovations. Improvements were set out to pervasively affect all components of the supply and production chain, from pre-planning until warranty services. A pilot testing center having the same exact conditions as its manufacturing plants was established to test prototype vehicles before they were mass-produced. This greatly improved the initial quality of Hyundai's vehicles. This played a central role in the company's journey to quality innovation.

3.1.2 Sharing

The corporate dream/vision required the cooperation of all the employees of Hyundai in order to be achieved. Thus, it was very important to impart and share this dream and gain the trust and support of all employees. Chairman Chung Mong-Koo, a charismatic and energetic leader shared this dream by emphasizing the importance of everyone in attaining the dream. The practice of *injung* in Korea sealed the emotional connection binding all the company's employees as one. This

facilitates the speed of achieving what should be done.

1) Internal Communication

Hyundai assigned a specific group, the production and sales control department, to mediate between the purchasing, manufacturing, and sales departments, minimize miscommunication, and curtail conflict. Through this streamlined approach, better coordination and teamwork has been experienced between the groups. In addition, Hyundai's dream/vision was not only communicated only through formal avenues, such as policy statements or corporate pamphlets, but also through informal, everyday sharing. Chairman Chung Mong-Koo personally visited and interacted with the employees in the Hyundai quality assurance sites in and outside of Korea as part of the of the company's drive for quality innovation. During his visits, he would personally take executive out of their offices and point out problems that need to be addressed. Frank Ferrara, executive vice president of Hyundai Motor North American sales, recalls a visit of the chairman to a parts distribution center in Ontario, California. When he noticed that many of the transmissions had to be remanufactured because all failed initially, he immediately called everyone in-charge of the design of the transmission and asked them to convene in California. The chairman also engages production workers in a discussion that highlights the importance of quality. Such personal interactions initiated by Chairman

Chung Mong-Koo reinforced the employees' awareness of the company's goals. At the same time, the employees felt that they were important to the company, which strengthened their commitment to the company's vision.

2) External Communication

The 10-year, 100,000 miles warranty was an effective way of communicating to customers that Hyundai was committed to high quality and was not merely a cheap alternative. Hyundai utilized numerous strategies to inform the public about their products such as sponsoring sport events like the FIFA World Cup and the Super Bowl. Hyundai introduced the Key Dealer Program to facilitate communications between dealers and to improve the capability of Hyundai's technical personnel to detect quality problems. Hyundai provided powerful websites where customers could easily find needed information. Auto shows were also regularly conducted, moving weekly from each of the world's biggest cities. To enhance communication, customers could sign up for newsletters at these auto shows. To address the needs and wants of the customers, Hyundai placed increased importance on customer satisfaction reports. For example, 2007, Hyundai launched, "Hyundai Voice of the Customer", a customer survey initiative, designed to help dealers win customer loyalty.

Hyundai also recognized the importance of its partners. To attain sustainable growth, Hyundai sought to create success and prosperity for its business partners. Some examples in-

clude the Guest Engineers Program, initiated in 1999, which invited engineers of partner businesses to the R&D headquarters of Hyundai. This program enabled the guest engineers to participate in the design and engineering of new products. In 2006, Hyundai started the yearly Tech Day event. Members of partner R&D agencies were invited to exhibits and seminars on latest trends in technology. Hyundai also started the Special Mutual Growth Fund, in partnership with Industrial Bank of Korea (Kiup Bank), in order to provide partner businesses greater financial assistance for technology development. Hyundai Motor organized the Council of Korea Automotive Parts Industry Promotion in 2002 with the objective of coordinating efforts to enhance competitiveness of Korean auto parts.

3.1.3 Excitement

Having shared and clearly communicated the company's vision to internal and external shareholders, the role each member should play was established. Chairman Chung Mong-Koo displayed his serious campaign towards quality innovation by showing his presence amidst the workers and conducting frequent conversations highlighting the importance of quality. These personal interactions initiated by the Chairman helped gain the trust and loyalty of the workers to work as one for the fruition of the company's vision, effectively motivating the workforce.

1) Carnival Effect and Treasure Hunting

Hyundai invested heavily in the research, design, quality, and manufacturing of its vehicles. A new division was created to monitor quality and is allowed to intervene at any stage of design and manufacturing. Hyundai executives studied their competitors by tearing apart their vehicles and learning their best practices. In addition, Hyundai executives capitalized on the customer satisfaction reports of Consumer Reports to implement change within the company.

Hyundai and Kia combined their R&D resources launching the Namyang Technical Research Center. This integrates and coordinates all the research activities of the company. This center has cutting-edge equipment and facilities to conduct preliminary and basic research on all the processes of vehicle development, and has thus enabled the company to foster further innovations, which led to greater opportunities.

Hyundai invested KRW 60 billion for the Environmental Technology Center. Hyundai uses this center to conduct research efforts that is consistent with the environmental policy encompassing development, production, sales, maintenance, scrapping and disposal. Research efforts conducted in this center includes developing core fuel-cell and hybrid vehicle technology, new manufacturing processes, solutions to reduce greenhouse emissions and improve fuel efficiency, and recycling techniques for energy waste.

Hyundai set up the Europe Technical Center

to focus on researching and developing eco-friendly engines targeting the diesel vehicle segment that makes up 30% of the European car market. The center also develops innovative and original designs that would appeal to European car consumers. With these efforts toward research and development, as well as improvements, Hyundai was able to strengthen its foothold on previously less charted markets.

2) Contagiousness and Teaming

The communication of the company's vision to its stakeholders paved the way for the implementation of the quality revolution within Hyundai. The awareness of all stakeholders of their responsibilities enabled Hyundai to capitalize quickly on the opportunities recognized in the auto industry.

The launch of America's Best Warranty or the 10-year, 100,000 miles warranty triggered an awareness that Hyundai vehicles were much more than just low priced. This sent a message to competitors as well as to potential customers that Hyundai was still an active player in the automotive market armed with a renewed commitment to high value per dollar. This gave the Hyundai employees the motivation to really work on improving brand quality. An audacious warranty without producing high quality products would drive the company to bankruptcy. When the global financial crisis was affecting the automobile industry from 2007 to 2009, Hyundai was quick to capitalize on this crisis and launched the Hyundai Assurance Program.

This program allowed the customers to return purchased vehicles if they were seriously affected by the recession, e.g., if they lost their jobs. This initiative was a success as shown by the growth in U.S. market share from 3.0% in 2008 to 4.1% market share in 2009.

Hyundai was also quick to expand into emerging markets. The company was perceptive enough to venture into potential markets such as Brazil, Russia, India and China (BRIC). The current trend in the global automobile industry indicates that the automobile industries in the developed countries are stagnating due to dropping sales and saturated markets. In contrast, the developing nations have flourishing automobile markets, as illustrated by continuous and higher growth rates each year. The economic crisis gravely affected many of the world's automotive markets, but it hardly had any effect on that of BRIC's.

In a study conducted by Roland Berger Strategy Consultants on future automotive growth markets and implications for suppliers, Hyundai was able to gain a 7% light vehicle sales incremental volume in BRIC markets covering 2002 to 2012. Hyundai ranks second to Volkswagen's 11% light vehicle sales incremental volume. Comparing world market share with and without BRIC growth from 2002-2012, Hyundai and Volkswagen were the two automobile companies that gained the most in global market share via BRIC market growth.

3) Flow Effect and Timing

Hyundai's unparalleled growth and accomplishments in the international auto industry was the product of teamwork. In other words, Hyundai's accomplishment was the reflection of all stakeholders committing themselves to the realization of a common future dream. Hyundai's workforce was committed to the power of sharing and active participation in order for everyone to avoid miscommunication and have happier and more fulfilling work lives. Hyundai considered each part of the workforce a member of the family, and extended this vision to include not only suppliers, but also customers. Hyundai's ability to incorporate all these resources contributed to its capacity to quickly capitalize on opportunities. Hyundai's strong programs for integration, modularization, just-in-sequence, and globalization resulted in a reliable auto parts supply system. This helped Hyundai achieve the vertical systematization of related enterprises (production, design and services including parts manufacturing, material processing, financing and logistics). This in turn enabled the company to improve customer satisfaction, help the growth of suppliers' business, boost employees' work satisfaction and increase Hyundai's profitability and competitiveness.

IV. Healthiness of Hyundai's Business Ecosystem²⁾

In order for a business ecosystem like that of Hyundai to be healthy, all its components should likewise be in top form. These companies should thereby produce marketable products. These products can be derived from R&D. Companies without a marketable product have no means of survival. In order for firms to survive, they should pursue sustainable growth, as opposed to short-lived profits. Self-innovation proves to be the key to growth and sustainable development in the business ecosystem.

Results from a study on technology-intensive Korean companies by Enriquez (2014) which analyzed data from 2,807 respondents showed that creativity (characterized by innovation) influences opportunity (customer and niche creation). Opportunity, in turn, drives productivity (sales and operational excellence). Returns from this productivity are then re-invested and fuels re-invention (future creativity). This future creativity thereby paves the path towards sustainability.

Several indices of business health have been considered for the purpose of this research: however, we have chosen to limit the analyses to R&D per employee and per sales for creativity, export sales for opportunity, as well as sales and return on assets (ROA) for

2) Financial Information obtained from the Worldwide Official website of Hyundai (2015a)

productivity.

Previous research that studied the connection between innovations and company size suggested that R&D activities should be divided by the size of the organization (Acs & Audretsch, 1988). Although expansion is a sign of growth, it would likely cause the companies to incur high complexity costs if they follow such large-scale development from the start. With this in mind, we used the number of employees as the denominator to several variables, thereby reducing the risk that the size of the organization is misconstrued as competitiveness.

R&D intensity provides comparability measure for the efficacy of R&D expenses incurred by organizations in the same industry and thus has been used to measure creativity. Vitality index is the ratio of export sales to the total revenue of the company. This provides comparability measure for the efficacy of organizations in the same industry to expand its market share in the global market, and is thereby a good measure of opportunity. Lastly, sales revenue per employee measures the income generated due to individual productivity. Each individual is an asset to the company contributing their area of expertise for the continued growth and success of the organization. For this case at hand, only the full-time employees are included.

The following analyses support and substantiate how the components of the D-S-E Model contributed to the relative health and sustainability of Hyundai's business ecosystem.

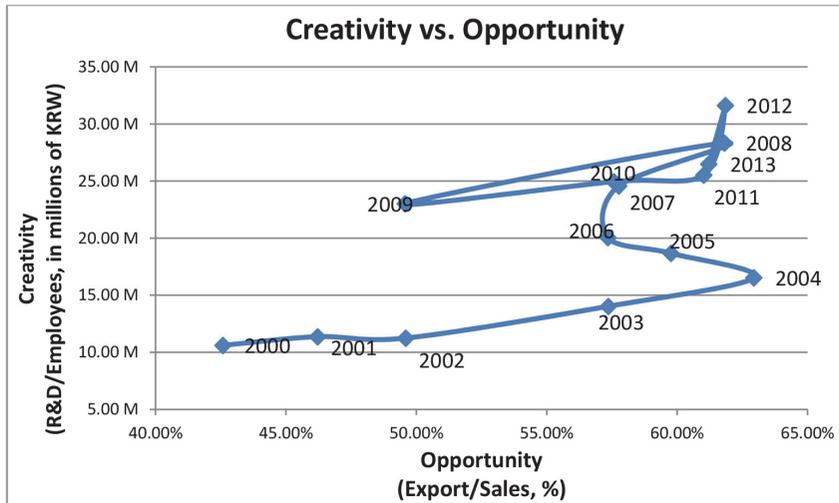
The effects of dreaming, sharing, and excitement can be traced via the analysis of longitudinal growth of Hyundai over the past decade using the aforementioned business ecosystem health indices.

4.1 Creativity vs. Opportunity

These charts measure Hyundai's Creativity and Opportunity indices. In the first chart, Creativity is measured by R&D per employee while Opportunity is measured by export over sales. Generally, the trend for both indices is increasing starting from 2000. Just a year before this, Hyundai declared the 10-year, 100,000 miles policy. This visionary move proves to be one of the transformative events in the company's history as it enabled Hyundai to exponentially gain global attention.

To make sure that this attention did not backfire, Hyundai invested in R&D to produce high quality automobiles and to advance its automotive technology. Hyundai invested ₩10.61 million per employee in 2000 and continuously increased its investment. In just 5 years, this R&D investment was almost doubled in 2006 with R&D per employee at ₩20.05 million. Within the year, they also focused not only on improving quality, but also made moves towards their dream to have a globally-recognized design. For this reason, they scouted Peter Schreyer to become the company's Chief Design Officer in their effort to focus on the European market.

Over the next few years however, R&D in-



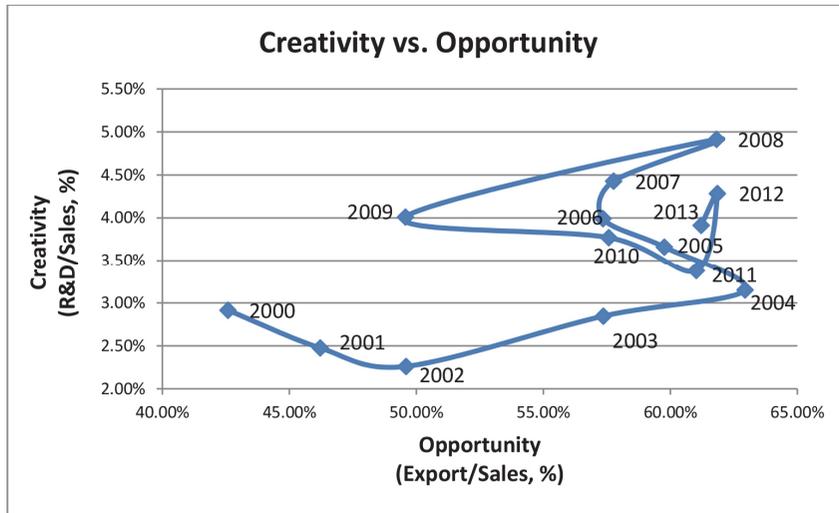
(Figure 3) R&D per Employee vs. Export to Sales

vestment decreased and employees lessened due to the worldwide economic crisis. In the succeeding years, Hyundai increased its R&D per employee peaking at ₩31.62 million in 2012. This focus on R&D enabled Hyundai to launch new and award-winning models such as Santa Fe, Elantra (Avante), Tuscani, Terracan, Lavita, Click, Verna, Azera, Genesis, All-new Genesis, i30, ix20, i40, Sonata Hybrid, Solaris and i10.

Hyundai's investment in R&D also greatly improved its automotive technology, producing Korea's first fuel cell electric vehicle, world's first ultra-high pressure hydrogen storage system for fuel cell electric vehicles, V6 diesel S-engine, R-engine, Tau engine, Theta GDI engine, NU Tau GDI engine, RWD 8-speed automatic transmission and gamma engine. These outstanding results gained recognition from respected automobile award-giving bodies ultimately improving Hyundai's brand

image and value. This had positive effects on Hyundai's exports resulting in incremental increases from 2000 to 2004. In particular, Hyundai Motor India broadened its international market in 2003 by exporting its products to new markets in Latin America, Western Europe, and Mexico in addition to current markets in Algeria, Morocco as well as neighboring Nepal, Sri Lanka and Indonesia. In December 2003, Hyundai Motor Company's annual vehicle exports passed the one million mark.

However, Hyundai's exports declined in 2005, 2006, 2009 and 2013. Hyundai's exports were affected in 2005 and 2006 when the Japanese automakers gained price competitiveness due to the weakening of the yen. In 2009, Hyundai exports were affected by the global economic crisis. The predatory pricing by foreign competitors due to favorable exchange rates affected Hyundai's exports sales



〈Figure 4〉 R&D to Sales vs. Export to Sales

in 2013.

In this chart, Creativity is measured by R&D as a percentage of total sales and Opportunity is measured by export as a percentage of total sales. Generally, the trend increased for both indices. However, R&D as a percentage of total sales fluctuates more than the values for R&D per employee. Nevertheless, Hyundai’s R&D investment as a percentage of total sales never went below 2%. Percentage of R&D to total sales peaked at 4.91% in 2008.

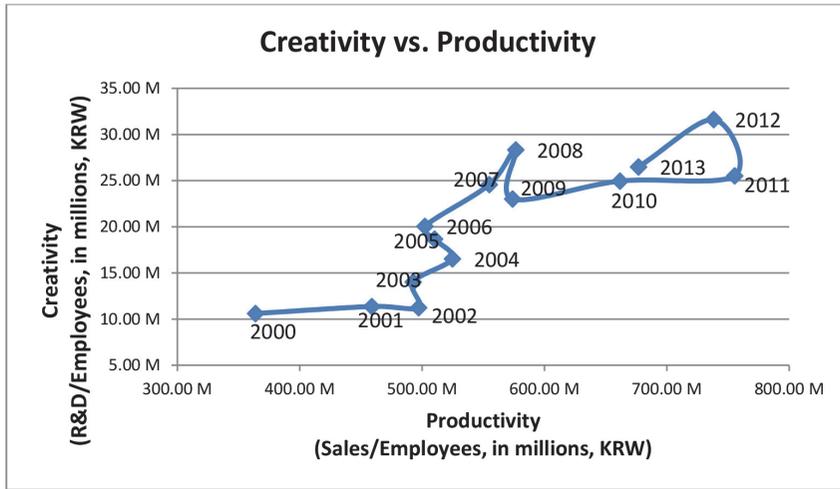
The commitment to R&D investment paid off as it generated more export sales. Hyundai established operations in key countries to cater to this increasing demand. In 2002, Hyundai entered a 50-50 joint venture with Beijing Automotive. In 2007, Hyundai established operations in Czech Republic to cater to its European market. In 2008, it established local production and sales base in Russia in

preparation for expansion in the CIS and Eastern Europe. Hyundai Motor Manufacturing Russia began its production in 2011. In February 2008, Hyundai opened its second plant in India. In 2012, Hyundai established operations in Brazil completing the BRIC countries.

This critical change in the company’s trajectory spearheaded by Chung Mong-Koo, particularly the expansions in Russia and India, has become a force of opportunity for the company through new market creation. This has presented new avenues for growth, which it has achieved through pursuing its dream of becoming one of the GT5 automakers.

4.2 Creativity vs. Productivity

This chart measures Hyundai’s Creativity and Productivity. Creativity is measured by



〈Figure 5〉 R&D per Employee vs. Sales per Employee

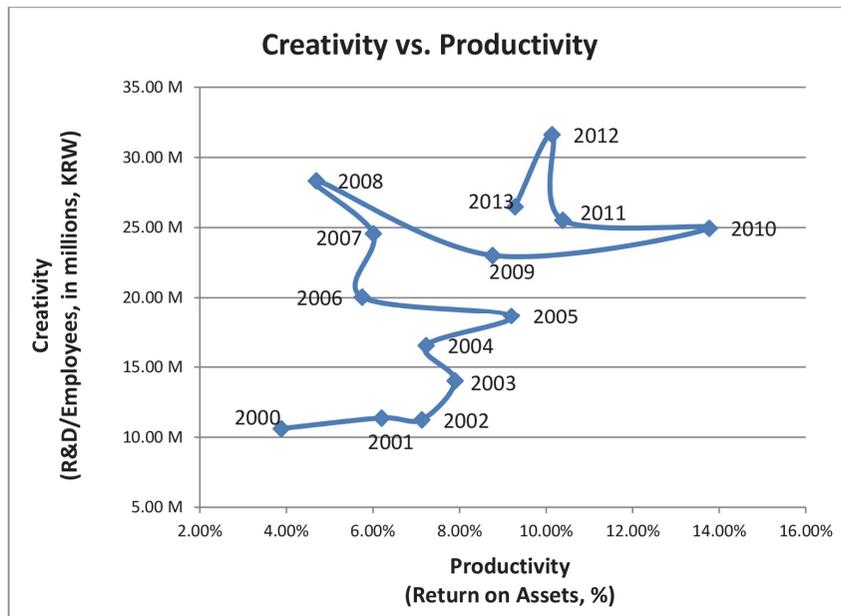
R&D per employee and Productivity is measured by sales per employee. The trend for both indices is increasing. R&D investments resulted to high quality products infused with high technology increasing Hyundai’s brand image. This opened up new markets increasing Hyundai’s total sales.

Productivity as measured by sales per employee greatly increased from ₩363.86 million in 2000 to its peak of ₩755.39 million in 2011. In 2000, Hyundai implemented its Six Sigma system to improve quality in its production. Marketing strategies were widely implemented such as being an official sponsor in UEFA Euro, FIFA World Cup, U.S. Super Bowl and official car sponsor of the G20 Summit to increase sales. Hyundai also showed its concern for the next generation and the environment by developing eco-friendly cars and reducing carbon emissions. Hyundai emphasized through such initiatives that its focus

was customer satisfaction and to facilitate this, aimed to develop even deeper connection with customers.

During the recession in 2009, Hyundai launched the Hyundai Assurance Program to show concern and support to its customers by releasing a statement to buyers that Hyundai would buy back their vehicles if they got affected by recession such as losing their job, going bankrupt, or becoming disabled. This enabled Hyundai to maintain a foothold of its sales despite other automakers losing on its sales during the recession. Hyundai’s well-rounded strategy from pre-production to after sales, from supplier to customers and from sports to environment contributed to its sales success.

In this chart, Creativity is still measured by R&D per employee but Productivity is measured by ROA. The trend for Creativity is increasing, but productivity goes forward and



〈Figure 6〉 R&D per Employee vs. Return on Assets

backward. The R&D outputs generated sales enabling Hyundai's total assets to continuously increase from 2000 to 2013, having the highest increase in 2011 at 19%. However, Hyundai's net income reported in 2004, 2006, 2008, 2011, 2012 and 2013 is lesser because of external factors. In 2004, the overall economic environment in Korea deteriorated due to the unstable prices of oil in the global market and the continuing dollar devaluation.

In 2006, the continuous decrease in exchange rates and the weakening of the Yen allowed the Japanese auto companies to gain price competitiveness in the global auto markets, leading to lower net income for Hyundai. In 2008, the effects of the US financial crisis that triggered the worldwide economic recession affected Hyundai. From 2001 to 2013, Hyundai's

income was also affected by the political unrest in the Middle East, economic crisis in Europe and predatory pricing by foreign competitors driven by favorable foreign exchange rates. Nevertheless, in each instance, Hyundai has managed to overcome such challenges by strengthening its global network and management system in order to react and respond more swiftly and flexibly to changes in the business environment. It also focused on the development of more leading-edge products, advanced technologies, and incorporated an aggressive marketing campaign. Similar to the case of GM Korea (K.-C. Kim et al., 2012), Hyundai's move to push for modularization through the just-in-sequence production system ultimately enabled the company to boost productivity and push its ROA up. This ini-

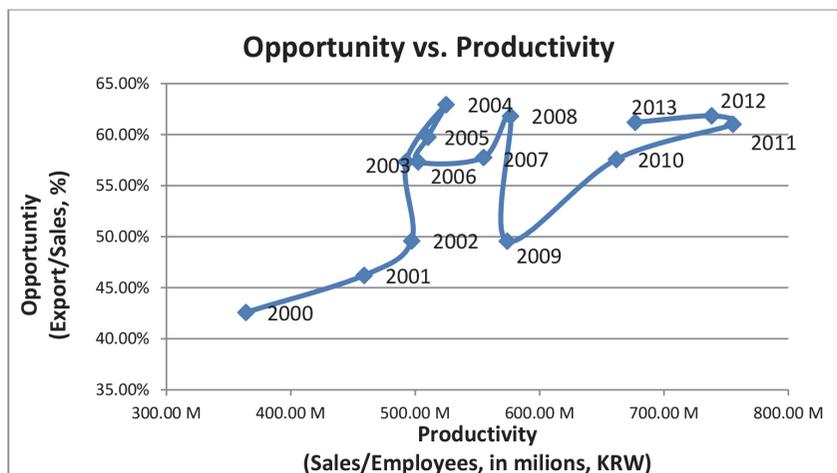
tiative by Chairman Chung Mong-Koo helped transform Hyundai into the global company it is today.

4.3 Opportunity vs. Productivity

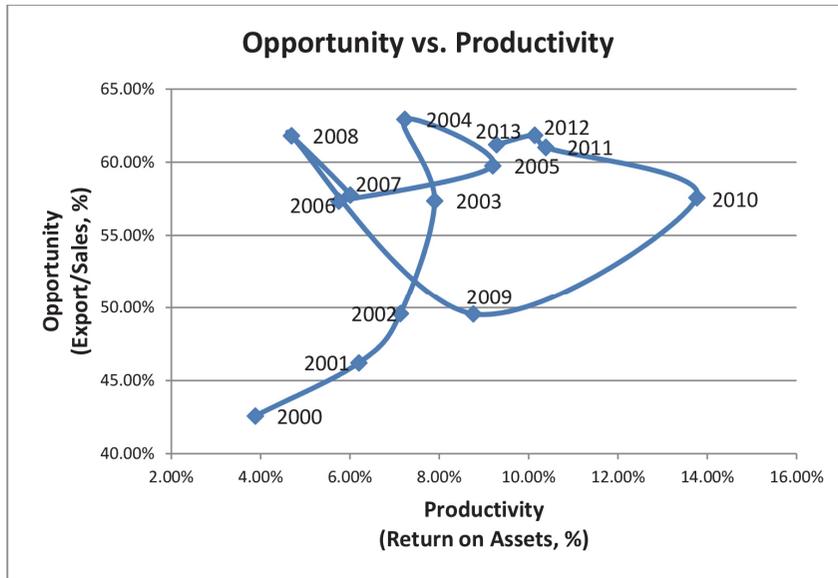
This chart shows Hyundai's Opportunity and Productivity. Opportunity is measured by the percentage of export to total sales. On the other hand, productivity is measured by sales per employee. The trend for both indices is increasing. The team effort to produce quality, environmental-friendly and high technology products gaining worldwide award recognition as well as the aggressive marketing campaign and the show of concern and focus to customer satisfaction enabled Hyundai to expand its market share worldwide despite the challenges caused by external factors. This team effort showed tremendous success as the demand was satisfied by production out-

put resulting to sales per employee greatly increasing from ₩363.86 million in 2000 to its peak of ₩755.39 million in 2011. This was achieved despite the challenges encountered in the volatile auto market industry.

In this chart, Opportunity is still measured by percentage of export to total sales while Productivity is measured by return on assets. The trend for both indices is increasing. Demand for Hyundai products increased and Hyundai was able to foresee the potential in these foreign markets. Hyundai established its presence in key countries such as North America, India, China, Czech Republic, Turkey, Russia and Brazil. This move enabled Hyundai to create production plants in these countries to meet the market demand. In 2002, Hyundai America broke on ground an assembly plant that will produce 300,000 units at full capacity. In 2008, China and India inaugurated their 2nd plant manufacturing plants. Hyundai broke



〈Figure 7〉 Export to Sales vs. Sales per Employee



〈Figure 8〉 Export to Sales vs. Return on Assets

ground of their St. Petersburg plant in June 2008. In 2009, Czech plant started production. In 2011, the production plant in Russia started operations. In 2012, Hyundai inaugurated its Brazil plant and China began operations of their third plant.

V. Conclusions and Strategic Implications

Brand names such as Samsung and Hyundai Motors were not recognizable a couple of decades ago. However, they are now undeniably famous worldwide. Originating from one of the poorest countries in history, how did these globally competitive companies achieve their current state? Our article showed that the

D-S-E behavioral theory approach of K-Management was a major element of success utilized by Hyundai Motors. When Hyundai started, it was a small company providing service for the Ford Company by assembling its cars and trucks. The company started small, but grew until it was able to dominate the domestic market. However, it did not stop dreaming and continued to expand into the global automobile market. The path to globalized success was not easy. Although Hyundai was able to enter the American market in the 1980s, its initial success was only short-lived when sales rapidly declined due to poor quality. However, capitalizing on creative opportunity generated by the change to a new chairman in 1999, Hyundai was able to revamp and reshape itself as a stronger player in the global automotive market.

Now, Hyundai Motor Company is one of the largest automakers in the world. Hyundai's fast growth and success provides lessons for benchmarking and inspiring SMEs to strive for more. Thus, smaller automobile manufacturers with aspirations for global success can learn from Hyundai, by making effective use of human resources and the D-S-E approach. This is an inexpensive and readily available management tool that can serve as a powerful agent for transformation and success if executed well.

Hyundai's success can be explained through the application of the D-S-E behavioral theory approach, which forms the core of K-Management. The new Chairman Chung Mong-Koo dreamed big for the company utilizing the Three Cs - Chance, Challenge, and Change - as the guiding framework. He then shared the dream with all stakeholders involved so they could participate in the dream, resulting in a solidified organization working towards the common goal of achieving the company's dream. The workforce, seeing the importance of their contributions to the company's long-term plans, internalized the company dream as a personal one, generating a harmonic entrainment. This in turn created a positive chain comprised of the three Ts of excitement, which is Treasure Hunting (crucial to creativity), Timing (improves opportunity), and Teaming (improves productivity). The key to being successful is dreaming or envisioning that the organization is capable of more and better. When shared effectively within and without the organization,

synergistic effects of excitement generate benefits that can help sustain expansion and dissipate complacency in any organization.

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K-경영과 K-기업가정신의 ‘꿈-흥’ (DSE) 모델: 현대자동차의 글로벌 성공 사례를 중심으로*

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요 약

1960년대 세계에서 가장 가난한 국가의 하나였던 한국이 가장 빠르게 경제적으로 성장한 국가로 세계의 주목을 받고 있다. 지난 60년간 경제성장의 주역이었던 한국 기업들의 경영성과를 어떻게 설명할 것인가? 이것이 본 연구의 배경이다. 한국 기업들은 흔히 스피드경영, 신바람경영, 파괴적 혁신, 창조경영 등을 K-경영의 특징으로 한다. 그러나 이들은 조직구성원들의 행동의 표면적 양상일 뿐이다. 그러면 이러한 양상을 만들어내는 원인변수와 메커니즘들은 무엇일까? 본 연구는 사회심리학적 접근을 통해 한국조직원의 행동을 끌어내는 ‘꿈’과 ‘흥’을 중심으로 K-경영모델을 설계, 제시하고, 이 모델에 근거하여 현대자동차의 글로벌 성장 과정 사례를 분석해 보고자 한다. K-경영모델은 위기 속에서 꿈을 가지고 미래를 향해 지속적으로 도전해가는 정신인 K-Entrepreneurship을 바탕으로 하고 있다. 본 연구의 사례 대상 기업인 현대자동차는 1998년 IMF금융위기이후 경영위기의 상황 속에서 1999년 미국에서의 10-10선언(10만마일 10년 보증 프로그램)을 통해 조직의 역량을 결집한 결과, 2004년 넘어설 수 없는 경쟁자처럼 보였던 도요타의 품질을 극복하고 GT5(Global Top 5)의 목표를 향해 도전하는 과정을 보여주고 있다. 2004년 저가차량만으로 인식되었던 현대자동차의 소나타가 경쟁차종인 캠리, 어코드를 밀어내고 JD 파워의 세그먼트 품질(IQS) 1위를 차지했을 당시 Automotive News(April 28, 2004)는 사람이 개를 물다(Man bites dog)라는 표현으로 현대차의 빠른 품질개선에 대한 놀라움을 표했다. 이후에도 디자인혁명, 전장화 등을 통해 현대자동차는 현재의 상태에 안주하려는 현재의 저주현상을 극복하고 창조성, 시장성, 생산성의 3대 지속성장 요인을 높여가고 있다. 본 연구는 ‘꿈-흥’(DSE)모델을 바탕으로 현대자동차의 창조성, 시장성, 생산성의 변화과정을 종단적으로 보여주면서 기업진화의 과정을 설명하고 있다.

이러한 접근은 1980년대 일본기업의 경쟁우위를 공동체주의를 중심으로 분석하는 윌리엄 오우치(William Ouchi)의 Z이론(Theory Z)이나, 카이젠 중심의 도요타 방식 등 일본식경영(Japanese Management) 연구와 비교될 수 있다.

주제어: K-경영, 꿈-흥모델 (D-S-E모델), K-기업가정신, 기업의 진화, 현대자동차

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〈Teaching Note〉

The Dreaming-Sharing-Excitement Model of K-Management and K-Entrepreneurship: The Global Rise of Hyundai Motors

Synopsis

Korea has impressed the world with its rapid economic growth and its ability to bounce back from the Asian financial crisis of 1997-98. Along with it, the ability of Korean companies, such as Samsung and Hyundai Motors, to become globally competitive within a short period of time has sparked interest and curiosity in the international community. Observers want to gain an insight on how Korea and its globally competitive companies were able to achieve this “miraculous” feat. One of the contributing factors is the way its successful entrepreneurs manage their business, otherwise called Korean management (K-Management).

Existing literature on K-Management discuss the strategies, philosophies and cultural aspects. However, analysis using a behavioral approach is lacking and the authors believe that this is actually the focal point of K-Management. It is the pattern of behaviors that produce business results. Key behaviors that lead to a company’s success are explored

and the relationships of these key behaviors are analyzed. A behavioral conceptual model, D-S-E approach, is then created to illustrate the relationships of the key behaviors that lead to a virtuous cycle sustaining firm growth and development and applied to the case of the Hyundai Motor Company.

Kkum, which means dreaming, and *heung*, which means excitement, are the backbone of K-Management. This K-Management can be illustrated by the D-S-E behavioral theory approach. This approach was the major ingredient utilized by Hyundai Motors, and resulted in healthy competition and better products for consumers.

Small automobile players in the market can learn from Hyundai, as the company started small and was even ridiculed in the past. Nowadays, they have proven their worth and have made their presence known to the world. It was through this spirit of dreaming, sharing, and excitement that Hyundai was able to cement its place in the automotive industry, and how it can achieve further growth and sustainability in the future.

Teaching Points

1. What sets K-Management apart from other management styles? How does the D-S-E approach embody this?
2. What are the elements of D-S-E behavioral model, and how does it apply to the case of the Hyundai Motor Company (Hyundai)?
3. How does Hyundai's business ecosystem fare in terms of the Healthiness of Business Ecosystem indices (creativity, opportunity, and productivity)?
4. Hyundai has built a successful business ecosystem. What best practices can be taken from them, and what might be done by the company to promote further growth and sustainability?
6. Throughout the history of Hyundai, the company has been able to continuously shake the automotive industry by providing something beyond what was offered by competitors. What future innovative initiatives should the company pursue in order to maintain its place in the industry?

Assignment Questions

1. What sets K-Management apart from other management styles? How does the D-S-E approach embody this?

K-Management in contrast to other management styles tends to be more inclusive. It can be described as a fusion of both Theory Z and the structure-conduct-performance (SCP) models.

The first three characteristics, (1) self-discipline (2) diligence, and (3) team spirit/harmony are generally exhibited by East-Asian countries, but is very strong in Korean culture.

The second set of characteristics, (4) continuous operational improvement, (5) focus on strategy, and (6) depending on external labor market stems from operational efficiencies adopted from best practices as exhibited by other management styles. Because of this, K-Management proves to be a fusion of Eastern and Western sensibilities, and provides a balance between the two.

Lastly, the last two characteristics, (7) meritocracy performance management, and (8) deeper emotional connection with the employees focuses on the importance of people. The deep emotional connection gains the trust and commitment of employees keeping them highly motivated. This enables the company to reach its goals quickly by addressing the concerns of the workforce, effectively keeping the company flow.

K-Management can thereby be characterized in sum by the Dreaming-Sharing-Excitement (D-S-E) model. It is through dreaming big and sharing this dream that employees find motivation and excitement to work on achieving it. The D-S-E approach shows that success becomes more meaningful when shared with everyone.

2. What are the elements of D-S-E behavioral model, and how does it apply to the case of the Hyundai Motor Company (Hyundai)?

Hyundai was able to be where it is today because of K-Management as explained through the D-S-E behavioral theory approach. This paper defines corporate vision or *dream* as encompassing these three Cs: Chance (search for change), Challenge (responds to it), and Change (exploits it as an opportunity). Chairman Chung Mong-Koo dreamed big for the company utilizing the 3 Cs as a guide.

Sharing this dream to everyone involved so they can participate resulted to a solidified army in accomplishing the company's dream. The workforce seeing the importance and their value in this endeavor made the company dream a personal dream, setting off a harmonic entrainment.

Hyundai's collaboration with both its organization members and its environment resulted to the 3 Ts of *excitement*, which is Treasure Hunting (crucial to creativity), Timing (improves opportunity), and Teaming (improves

productivity).

3. How does Hyundai's business ecosystem fare in terms of the Healthiness of Business Ecosystem indices (creativity, opportunity, and productivity)?

The indices of creativity (embodied by innovation), opportunity, (characterized by a company's market share), and productivity (measured in terms of sales and operational excellence) prove to be effective indicators of an organization's health. Through this study, Hyundai's performance has been tracked and analyzed.

1) Creativity

Hyundai greatly invested in R&D to produce high quality automobiles and to advance its automotive technology. This investment greatly improved its automotive technology. These outstanding results gained awards from respected automobile award-giving bodies ultimately improving Hyundai's brand image and value.

2) Opportunity

The company's efforts to produce quality, environmental-friendly and high technology products gaining worldwide award recognition, as well as the aggressive marketing campaign, and the show of concern and focus to customer satisfaction enabled Hyundai to expand its

market share worldwide in countries like India, China, Russia and Brazil despite the challenges caused by external factors. This proved to be an advantage for the company, enabling them to achieve growth despite the challenges encountered in the volatile auto market industry.

3) Productivity

Demand for Hyundai products increased and Hyundai was able to foresee the potential in key countries. This move enabled Hyundai to create production plants in North America, India, China, Czech Republic, Turkey, Russia and Brazil to meet the market demand. The company also established their global production system focusing on process improvement, the introduction of modular production, and their just-in-sequence (JIS) system. Hyundai was able to build great supply chains which contributed to the company's growth through cost reductions brought about by their ecosystem members.

4. Hyundai has built a successful business ecosystem. What best practices can be taken from them, and what could be done by the company to ease its way towards further growth and sustainability?

Hyundai is not complacent, and this characteristic has enabled them to evolve and mold its ecosystem into what it is today. The

company started small and evolved as they worked in partnership with the members of their business ecosystem to provide cost efficiencies, innovation in processes and technologies, as well as value-added elements.

The D-S-E behavioral theory approach of K-Management is the major ingredient utilized by Hyundai. They have kept competitors up on toes allowing healthy competition and creating better products for consumers. Small automobile players in the market can learn from Hyundai, as it has started small and was even ridiculed but now they have proven their worth to the world. It is through this spirit of dreaming, sharing, and excitement that Hyundai has cemented its place in the automotive industry and attain further growth and sustainability.

5. Throughout the history of Hyundai, the company has been able to continuously shake the automotive industry by providing something beyond those offered by competitors. What future innovative initiatives should the company pursue in order to maintain its place in the industry?

Looking at various organizations, and Hyundai in particular, it can be seen that value creation proves to be the key to business growth and innovation. Evolution requires that essential innovations be done by the company.

By looking at Hyundai's history, it could be said that every downturn in has been met

with something new. It has continuously searched for something it could improve on, responds to this, and uses this opportunity to gain something from it. With this spirit of chance-seeking, challenge-taking, and change-creating, Hyundai could be able to be even more than what it is right now.

To achieve this, Hyundai must continuously work with its employees, as well as the other members of its ecosystem. Efforts in this regard would enable it to not only meet the expectations of the consumers, but also provide them value beyond what they have expected. This could be done through open innovation, a move towards a more inclusive, flexible and open organizational culture, and on creating an environment conducive for creativity and growth.

A customer-centric approach would prove to be beneficial for Hyundai, especially when done in conjunction with innovation-led initiatives. Looking to the customers for a chance to improve daily life, while looking to technological improvements in order to address this would provide Hyundai that edge that could help it maintain and even exceed its current position in the automotive industry. It is through sharing its dream with the people, and ensuring that this dream comes into fruition that Hyundai could expect further growth and sustainability in the future.