



## SK TELECOM GOES EGALITARIAN

Until recently, Hur Jae-hoon could end debate with junior staff members just by declaring that the discussion was over. Employed at the fourth tier in SK Telecom Co.'s five-tier management/professional hierarchy, the 33-year-old strategist held the corresponding title of 'Hur Daeri' and received plenty of respect from people in lower positions. No one below Hur was allowed to question his decisions, and Hur was expected to comply silently with requests from above. South Korea's culture of deferring to people in higher positions was deeply ingrained in the telecommunications company. In some South Korean companies, such as Samsung, junior staff members weren't even allowed to initiate conversations with anyone above their boss.

Now, in spite of South Korea's strong hierarchical culture, SK Telecom wants to support values that are more egalitarian. It has already removed its five management ranks and their differentiated titles and status. The English word 'manager' is now used to address anyone employed throughout the five former ranks. (Hur Jae-hoon's title has changed from Hur Daeri to 'Hur Manager'). Only vice presidents and above retain their previous status titles. Those in charge of projects or people are also called 'team leader'. Furthermore, the company is assigning project leadership responsibilities to employees in their twenties, whereas these roles were previously held only by people with much more seniority. As an added change, the company is allowing a more casual dress code at work.

Through this dramatic shift in values and practices, SK Telecom's senior executives hope that junior staff will speak up more freely, thereby improving creativity and decision making. They particularly want to avoid incidents such as one that occurred several years ago

Source: Adapted from E. Ramstad, 'Pulling Rank Gets Harder at One Korean Company', *Wall Street Journal*, 20 August 2007, p. B1.

### DISCUSSION QUESTIONS

1. SK Telecom is attempting to distance itself from which South Korean cultural value? What indicators of this value are identified in this case study? What other artefacts of this cultural value would you notice while visiting a South Korean company that upheld this national culture?
2. In your opinion, why is this hierarchical value so strong in South Korea? What are the advantages and disadvantages of this value in societies?
3. Do you think that SK Telecom will be successful in integrating a more egalitarian culture, even though it contrasts with South Korea's culture? What are some of the issues that may complicate or support this transition?

in which an excellent idea from younger employees was initially shot down by their bosses. The junior staff suggested that allowing customers to change their mobile phone ringtones to music chosen by the friend they've phoned would generate revenue through music licensing. Fortunately, the idea was introduced several months later, after a few persistent employees proposed the idea again.

SK Telecom's initiative is not completely new to South Korea. Small high-tech companies have already embraced egalitarian values and flatter corporate structures. But SK Telecom is among the first large organisations in the country to attempt this culture shift, and has met with resistance along the way. SK Telecom executives were initially divided over how quickly and to what extent the company should distance itself from South Korea's traditional hierarchical culture. 'There were ideas for gradual versus all-out reforms', recalls chief executive Kim Shin-bae. 'But the word "gradually" means "not now" to some people. So we decided to go all-out.'

According to a company survey, 80% of employees support the changes. However, even with the changes in titles, many still look for subtle evidence of who has higher status and, therefore, should receive more deference. Some also rely on what positions managers held under the old five-tier hierarchy. 'I know what the old titles were', says an LG Electronics Co. manager who supplies cell phones to SK Telecom. 'So unconsciously, I keep that in mind.'

Hur Jae-hoon admits that there are times when he prefers a more hierarchical culture, but he believes that SK Telecom's more egalitarian values and practices are already showing favourable results. In one recent meeting, a younger colleague sparred with Hur over the better way to complete a strategy project. 'For a moment, I wished it was back in the old days when I could have shut that guy down', Hur recalls. 'But I had to admit his opinion was better than mine, and I adjusted. So the system worked.'



## ROUGH SEAS ON THE LINK650

BY STEVEN L. MCSHANE, THE UNIVERSITY OF WESTERN AUSTRALIA

This case is based on actual events, though names and some information have been changed.

Professor Suzanne Baxter was preparing for her first class of the semester when Shaun O'Neill knocked lightly on the open door and announced himself: 'Hi, Professor, I don't suppose you remember me?' Professor Baxter had large classes, but she did remember that Shaun was a student in her organisational behaviour class a few years ago. Shaun had decided to work in the oil industry for a couple of years before returning to university to complete his degree. 'Welcome back! Baxter said as she beckoned him into the office. 'I heard you were working on an oil rig in the UK. How was it?'

'Well, Professor,' Shaun began, 'I had worked two summers in the Texan oil fields and my family's from Ireland, so I hoped to get a job on the LINK650. It's that new WestOil drilling rig that arrived with so much fanfare in the North Sea fields a few years ago. The LINK650 was built by LINK Inc. in Texas. A standard practice in this industry is for the rig manufacturer to manage its day-to-day operations, so employees on the LINK650 are managed completely by LINK managers with no involvement from WestOil. We all know that drilling rig jobs are dangerous, but they pay well and offer generous time off. A local newspaper there said that nearly 1000 people lined up to complete job applications for the 50 non-technical positions. I was lucky enough to get one of those jobs.'

'Everyone hired on the LINK650 was enthusiastic and proud. We were one of the chosen few and were really pumped up about working on a new rig that had received so much media attention. I was quite impressed with the recruiters—so were several other hires—because they really seemed to be concerned about our welfare out on the platform. I later discovered that the recruiters came from a consulting firm that specialises in hiring people. Come to think of it, we didn't meet a single LINK manager during that process. Maybe things would have been different if some of those LINK supervisors had interviewed us.'

'Working on LINK650 was a real shock, even though most of us had some experience working in the oil fields. I'd say that none of the 50 non-technical people hired was quite prepared for the brutal jobs on the oil rig. We did the dirtiest jobs in the biting cold winds of the North Sea. Still, during the first few months most of us wanted to show the company that we were dedicated to getting the job done. A couple of the new hires quit within a few weeks, but most of the people hired with me really got along well—you know, just like the ideas you mentioned in class. We formed a special bond that helped us through the bad weather and gruelling work.'

'The LINK650 supervisors were another matter. They were mean taskmasters who had worked for many years on oil rigs in the Gulf of Mexico or the North Sea. They seemed to relish the idea of treating their employees the same way they had been treated before becoming managers. We put up with their abuse for the first few months, but things got worse when the LINK650 was shut down twice to correct mechanical problems. These setbacks embarrassed LINK's management and they put more pressure on the supervisors to get us back on schedule.'

'The supervisors started to ignore equipment problems and pushed us to get jobs done more quickly without regard to safety procedures. They routinely shouted obscenities at employees in front of others. A couple of my work mates were fired, and a couple of others quit their jobs. I almost lost my job one day just because my boss thought I was deliberately working slowly. He didn't realise—or care—that the fittings I was connecting were damaged. Several people started finding ways to avoid the supervisors and get as little work done as possible. Many of my co-workers developed back problems. We jokingly called it the "rigger's backache", because some employees faked their ailment to leave the rig with paid sick leave.'

'Along with having lousy supervisors, we were always kept in the dark about the problems on the rig. Supervisors said that they didn't know anything, which was partly true, but they said we shouldn't be so interested in things that didn't concern us. But the rig's problems, as well as its future contract work, were a major concern to crew members who weren't ready to quit. Their job security depended on the rig's production levels and whether WestOil would sign contracts to drill new holes. Given the rig's problems, most of us were concerned that we would be laid off at any time.'

'Everything came to a head when Bob MacKenzie was killed because someone secured a hoist improperly. Not sure if it was mentioned in the papers here, but it was big news around this time last year. A government inquiry concluded that the person responsible wasn't properly trained and that employees were being pushed to finish jobs without safety precautions. Anyway, while the inquiry was going on, several employees decided to unionise the rig. It wasn't long before most employees on LINK650 had signed union cards. That really shocked LINK's management and the entire oil industry because it was, I think, just the second time that a rig had ever been unionised there. Since then, management has been doing everything in its power to get rid of the union. It sent a "safety officer" to the rig, although we eventually realised that he was a consultant the company hired to undermine union support. Several managers were sent to special seminars on how to manage a unionised work force, although one of the topics was how to break the union.'

'So you see, Professor, I joined LINK as an enthusiastic employee and quit last month with no desire to lift a finger for them. It really bothers me, because I was always told to do your best, no matter how tough the situation. It's been quite an experience.'