A Hypothesis on the Origin of Differences in Korean and Japanese Firm Organizations: A Historical Perspective

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I. Introduction

This paper looks at organizational differences between Korean and Japanese firms in terms of Gemeinschaft-Gesellschaft dichotomy, and attempts an explanation from the historical viewpoint. We hasten to note that this does not imply that a clear categorization is possible for a social organization under review. Springborg recognizes that a clear Gemeinschaft-Gesellschaft division is not possible in describing social institutions of many cultures, and argues this distinction needs at the very least to be revised. She compares the Mediterranean basin society with the northern European one and emphasizes their historical

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1) The Random House Webster's Unabridged Dictionary defines 'Gemeinschaft' as "a society or group characterized chiefly by a strong sense of common identity, close personal relationships, and an attachment to traditional and sentimental concerns." 'Gesellschaft' is defined as "a society or group characterized chiefly by formal organization, impersonal relations, the absence of generally held or binding norms, and a detachment from traditional and sentimental concerns, and often tending to be rationalistic and secular in outlook."

backgrounds in describing social developments.

Employing Springborg's intuition, this paper focuses on historical backgrounds of two societies to explain differences in characteristics of their firm organizations. It is not in the scope of this paper to look at individual attributes in detail, and we limit our investigation to the extent to which two organizations are close to the prototype of Gesellschaft, and hypothesizes about the origin of their differences.

Japan and Korea are on different levels of economic maturity. One is an established world economic power and the other is a country with an emerging, relatively small economy. But due to the vigor of two economies and geographic proximity of two countries, they are believed to share many characteristics of a fast growing economy with some time-lag. Someone even calls Korea as the second Japan. Here we emphasizes differences, rather than similarities, in firm organizations of Korea and Japan. By looking at organizational differences from the historical viewpoint, this paper provides another example of difficulty in applying nineteenth-century evolutionary schemas in explaining social changes. On the more practical side, this investigation on the roots of organizational differences may shed light on the nature and prospects of two countries' efforts to restructure their economies these days.

II. Japanese Firm Organization

Throughout the 1980s, outstanding performance and dynamism of the Japanese economy was a wonder of the world. In many industries, notably in manufacturing, productivity and quality control exceeded those of American firms. Many studies attributed high performance to the unique traits of Japanese management. Today Japan is experiencing a long-term recession, and is in a painful process of restructuring. Now the tide has been reversed and many blame the Japanese management style for Japan's recent dismal economic performance.

Merits and demerits of the Japanese management style are not the issue of this paper. The confirmation of existence of unique features in Japanese firm organizations is good enough to continue our argument. This section looks at characteristics of Japanese firm organizations in terms of the Gemeinschaft–Gesellschaft or status–contract dichotomy, and relates those characteristics to historical or cultural backgrounds of Japanese industrialization.