

korea: the tyranny of titles

By Mark Sungrae Kim

In few areas of business is globalization more noticeable than in the area of corporate titles. Offices and cubicles throughout the world proliferate with managing directors, directors, and vice presidents. Much of this has to do with the multinational companies' drive to facilitate true cross border teams. The emphasis is on flat management structures, open communications between all levels and western style egalitarianism. Yet in some countries such titling protocols are but a gloss over older, and more deeply ingrained, titling systems. Nowhere is this more true than in Korea – and MNCs ignore this fact at their peril.

A Confucian society since antiquity, Korea has traditionally placed an intense emphasis on seniority under its “HoBong System” of seniority-based promotions and pay. When one joins a company out of school, his title is “SaWon”, which means “employee”. After 3-5 years, a promotion to assistant manager is expected – and a raucous party with friends to celebrate the occasion. After another 4 years one becomes a manager, and another party follows. Within the ranks themselves there are subtle differences in pay and prestige again based on seniority.

For decades this system served Korea well, and then came the system's (apparent) death knell: the Asian Financial Crisis of the late 1990s. One result of the crisis was soul searching in corporate Korea. While the culture did not change overnight, Korean companies decided to change, adopting the western “salary system”, in which one's

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remuneration and title is based not on seniority, but on job description, competence and, most importantly, job performance.

The Trouble With Titles

Nonetheless, strong traces of the old ways linger on at both local and multinational companies. For non-executive positions, many companies still have around 4 titles while some financial and other industries have 3 titles. Executives are called “Imwon”, and there are usually 2-5 different level of executives below the President/Country Manager.

In a corporate context, many companies are finding this obsession with titling to stifle the free flow of communication. While junior colleagues can speak to senior colleagues, often the senior colleague has to be the one to initiate the contact.

Many large companies have abolished the “Isa” (Director) title, only to replace it with 2-3 different titles, such as “SangMu” (Vice President), “JeonMu” (Managing Director) and “BuSaJang” (Senior Executive VP). Nonetheless, “Isa” is still found in many multinational companies, but only at senior levels as a reward for long service. Korean colleagues still address each other using titles, and unless you know somebody’s title you cannot call them. At corporate events, one is often asked what this or that individual’s title is.

“Our company abolished Korean titles about 5 years ago,” says the Korean human resources director of a leading multinational pharma company. “The company has no internal/external titles except for its senior executives. Most companies still use local titles externally, especially for sales people. That said, some people still call each other by the old titles – old habits die hard.”

In a corporate context, many companies are finding this obsession with titling to stifle the free flow of communication. While junior colleagues can speak to senior colleagues, often the senior colleague has to be the one to initiate the contact. In some organizations it is taboo to speak with anybody senior to your boss. Much depends on the size and culture of the organization, but often senior managers – particularly those from the west – find the situation highly frustrating.

Attempts to resolve title psychology have been mixed. Some companies have abolished titles outright, committing themselves to the sole use of English titles, and also to not address people by title internally. Perhaps the most well known recent case of this is SK Telecom, which adopted what it calls the “manager” system in 2007. Under this system, everyone’s title has the word manager. The rationale is that even though many are not “managing” other people, they are “managing” their work. While new entrants to the company are happy with this arrangement, some veterans in the company have expressed dismay at this state of affairs. In 2000, CJ Group also abolished internal titles, but now its staffs are happy with the new arrangement.

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Julie Jang, the Korean human resources head of medical devices firm Medtronic, says the company abolished the internal title system in January 2008. “We did it because it helps Medtronic Korea fit better with the global organization. What’s more, we have a flat corporate structure and abolishing titles helps to improve communication.”

But even some firms who have retained Korean titles are phasing them out. “Our company used to have about ten different local titles, but these have been reduced to seven,” says Peter Kim, HR Director at Bausch & Lomb Korea. “These will be further reduced in the future. For Korean firms, they need to align titles more with regional and global titles.”

Leadership Implications

The old title system has many implications for corporate leaders. First, Koreans often want a better title when they change jobs – although some may accept a lesser title if the organization they are moving to is much larger or deemed as more prestigious than their current employer. Then again, some Koreans insist on a better title irrespective of the size of the organization they are joining. In many cases titling can be a deal breaker. At more senior levels, some companies reserve the title “JeonMu” for executives in their fifties, but often forty-somethings demand this title before they will join a firm.

While many companies have struggled to put the title issue to bed, it is still ingrained in the country’s corporate culture. A clear policy must be developed with human resources that clearly delineate what local titles can be provided for a given position.

To successfully hire in Korea, companies need to accept the importance of titles. While many companies have struggled to put the title issue to bed, it is still ingrained in the country’s corporate culture. A clear policy must be developed with human resources that clearly delineate what local titles can be provided for a given position. They should try to keep the layers of titling as simple as possible, and perhaps abolish them altogether internally. Irrespective of this, the tyranny of titles is likely to remain for years to come.

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