

Korean chaebols: Outdated model requires reform

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Abstracts

SUMMARY

The Korean chaebol - giant conglomerates still run by founding families - has transformed the Korean economy but they are now the source of problems which need to be corrected. Chaebols need to be updated for the modern world, not only for their future prospects but for the Korean economy as a whole. Reform of the system is required and the relationship with government must become more distant if smaller companies are to be given a better chance and corporate governance be improved.

KEY FINDINGS

Examines the impact chaebols have on small and medium business

Asserts that the present system does not provide shareholder value

Calls for the current scandal surrounding Samsung to be used as a means to improve transparency

REASONS TO BUY

What is the impact of chaebols on the wider economy?

Why are chaebols discounted on the global market?

How can chaebol corporate governance be improved?

KEY HIGHLIGHTS

The culture surrounding chaebols is deleterious to the wider economy. Consuming every industry they enter, chaebols, whilst heavily responsible for an economic miracle, are preventing small and medium companies from growing. A low degree of transparency cements the chaebol dominance and entrenches a culture adverse to business creation and growth.

Chaebols are in need of reform in order to provide shareholders with the degree of value and influence in the running of companies they are accustomed to across many areas of the world.

The present scandal surrounding Samsung and the now departed president must be used as impetus to create transparency in ownership and business practices.

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Summary

Dominance threatens small and medium companies

Small and medium sized businesses often marginalized by giant family run conglomerates

Structural problems within the Korean economy caused by Chaebol business culture

Bakeries showed how the government can be a force for good

Chaebols have too much political influence - this must change

Chaebols have been allowed to create their own rules to the detriment of the wider economy

Bad for business: Chaebols and the political elite engage in shady activities

Reform is happening, but progress is slow and more needs to be done

Chaebols do not provide value to shareholders

Eradicating the 'Korean Discount' would improve the deal for shareholders

Hyundai was profligate in \$10bn land purchase - shareholders deserve better

Family ownership of the giant chaebols does shareholders no favors

Chaebol criminality hints at failing leadership

If found guilty, Samsung's Lee Jae-yong must be made an example of

Charges of insider trading at Hanjin shipping suggest chaebol leadership is of a poor standard

Conclusions

Chaebols are an outdated model - for the good of Korea they must change

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