

# The tension between hierarchy, autonomy and innovation: Transforming Korean corporate culture for increased innovation

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## ABSTRACT,

*Driving innovation within traditional hierarchies is the challenge and triumph of Korean corporate culture. This research explores the impact of hierarchical structures on innovation and employee autonomy in Korean corporate culture. The study investigates how traditional hierarchical models influence the flow of ideas and employee behaviour and how they influence innovation. Through interviews with employees from various companies in Korea, the research explores how they experience organisational and social hierarchy, employee autonomy, Korean cultural values and the impact of these factors on innovation. The research paper makes recommendations on how to stimulate innovation for companies in Korea in its practical implication section and gives advice for further research, including a larger sample size and a focus on specific sectors.*

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## Keywords

Hierarchical Structures, Innovation, Employee Autonomy, Korean Corporate Culture, Work Ethic, Workload, Korea

# 1. INTRODUCTION

South Korea is renowned for its global success, highlighted in recent years by the K-pop wave and its mega-companies like Samsung, LG and Hyundai. These corporations have not only become household names worldwide but have also paved the way for numerous other Korean enterprises. Korean culture, with its emphasis on hierarchy and respect for elders, plays a significant role in shaping both social and corporate interactions. This cultural framework prioritises maintaining harmony in relationships, profoundly influencing Korean leadership, management styles, and employee-manager dynamics (Lee, 2012).

In Western organisations, a trend towards reducing hierarchical distances and increasing employee autonomy has been identified as a driving force for innovation and creativity (Keum & See, 2017). Hierarchy in this organisational setting is referring to the arrangement of individuals within a corporation according to the levels of power, authority and responsibility. This can be visualised as a pyramid, with the highest-ranking individuals at the top and the lowest-ranking individuals at the bottom. These hierarchical structures are traditionally designed to establish clear lines of control and authority, with the goal of efficient decision-making and accountability (Aime et al., 2014; Diefenbach & Sillince, 2011).

Western organisations try to encourage among employees a culture of openness to new ideas and risk-taking, which are essential for innovation. In contrast, Korean companies are characterised by their hierarchical systems as highlighted by Hofstede's power distance indicator (PDI)(Hofstede, 2001). This presents an interesting paradox because, despite strong hierarchy, Korean companies not only continue to exist but also excel nationally and globally, as a country ranking 10<sup>th</sup> in the Global Innovation Index (WIPO, 2023; Yoon, 2022). Current research falls short in explaining how Korean companies mediate this contradiction. This research gap raises questions about Korean hierarchical structures, the adaptability of them, and their impact on innovation and autonomy.

Korean corporate culture's intricate relationship with innovation is further complicated by societal norms such as Confucianism, which emphasises collectivism and hierarchical respect (Kim & Park, 2017). These norms can either inhibit or stimulate innovation depending on how they are managed within corporate structures. For example, while the hierarchical nature can lead to efficient decision-making, it may also suppress the free flow of ideas from lower-level employees, which is crucial for innovation (Choi et al., 2021). Innovation can be defined as the process of creating, developing and implementing new ideas, products, services or processes that improve or transform existing systems. This could involve technological advancements, new business models, or novel approaches to problem-solving. Innovation is crucial for organisational growth, competitiveness and adaption to constantly changing market conditions (Drucker, 1985; Schilling, 2013).

Consequently, the research question is: How can Korean companies adjust their hierarchical structures to enhance innovation and autonomy?

Additionally, in this research, the following sub-questions are explored:

- To what extent does a hierarchical organisation influence innovation?
- What practices do Korean companies utilise to be more innovative?
- In what ways do Korean companies enhance employee autonomy to produce more innovation?

## 1.1 Academic and practical relevance

This research aims to determine if the degree of hierarchy hinders innovation within Korean companies, or if Korean companies have found other ways to stimulate innovation. The relationship between hierarchical structures and innovation in a general sense has been studied already (Keum & See, 2017). Keum and See found that "one fundamental element of organizational structure— hierarchy of authority—is detrimental to performance in the idea generation phase". Looking specifically at South Korea, there is no direct research on what impact hierarchy has on innovation yet. Practically the findings of this research could provide strategies for Korean companies striving to enhance their innovativeness. Moreover, other companies might benefit from applying successful aspects of Korean corporate practices identified in this research.

## 2. THEORETICAL BACKGROUND

### 2.1 Hierarchical Structures in Korean Corporate Culture

Korean corporate culture is deeply rooted in hierarchical structures influenced by Confucian values, which emphasise respect for authority, seniority, and social harmony (Kim & Park, 2017). These values manifest in the use of honorifics and titles that reinforce hierarchical relationships within organisations. This takes form in the way that when addressing someone, their title and rank are repeated with their name. (90 Day Korean, 2024). For example, when addressing your manager called Dan it would be common to also address him as "Manager Dan" when speaking to him. Employees are expected to show deference to their superiors, and decision-making processes are often centralised at higher levels of the organisation (Bae, 2016). This hierarchical structure can both stabilise and stifle corporate dynamics, impacting innovation and employee autonomy (Kim et al., 2019).

Hierarchical structures in Korean companies can lead to efficient decision-making as directives flow clearly from the top. However, this same structure can suppress the free flow of ideas from lower-level employees, which is crucial for stimulating innovation. The challenge lies in balancing these hierarchical values with the need for a more open and collaborative work environment that encourages creativity and innovation (Choi et al., 2021).

### 2.2 Cultural Values and Their Impact on Corporate Behaviour

Korean cultural values such as "*Kibun*" (기분 - feeling/dignity), "*Inhwa*" (인화 - harmony), and "*Chaemyeon*" (체면 - face) are thought to have influenced corporate behaviour (Habib et al., 2017). For example, employees may avoid giving negative feedback to preserve *Kibun* and *Inhwa*, which can result in a lack of critical discussion necessary for innovation.

These cultural norms can either inhibit or stimulate innovation depending on how they are managed within corporate structures. While maintaining harmony and respect can create a stable work environment, it can also limit open communication and the free exchange of ideas (Toyryla, 2023).

### 2.2.1 Collectivism, Kibun, Inhwa, and Chaemyeon

Collectivism emphasises the importance of group cohesion over individual achievement, which can lead to strong teamwork but may also discourage individual initiative (Hofstede, 2001). "Kibun" (dignity) and "Inhwa" (harmony) focus on maintaining positive feelings and harmony within the group, which can prevent conflict but also suppress honest feedback. They find their origin in Confucian beliefs, and emphasise harmony between people, especially between "unequals". To keep the harmonious environment intact, Koreans prefer giving positive answers and are more reluctant to refuse. Within the corporate culture, this means that subordinates must be loyal to the people higher up the hierarchical ladder, who in turn are responsible for the well-being of subordinates. (Alston, 1989; Lee, 2012). "Chaemyeon" (face) involves preserving one's social status and avoiding shame, which can drive behaviours aimed at projecting a positive image, sometimes at the expense of transparency and openness (Toyryla, 2023).

### 2.2.2 Impact on Innovation

The interplay of these cultural values with hierarchical structures presents a unique challenge for innovation. Hierarchical culture traits show a negative correlation with innovation, as found in the meta-analytic review by Büschgens, Bausch, and Balkin (2013). This review suggests that hierarchical culture traits can limit the flexibility and openness needed for innovative thinking. For Korean companies this could mean that based on the existing literature they should adjust their hierarchical culture structure to stimulate innovation.

## 2.3 Autonomy in Korean Organisations

Autonomy in the workplace is defined as the degree to which a job provides substantial freedom, independence, and discretion to the employee (Hackman & Oldham, 1976). In the context of Korean organisations, autonomy is often limited by hierarchical structures and cultural norms that prioritise conformity and respect for authority. However, there is a growing recognition of the importance of autonomy for stimulating innovation and employee satisfaction (Ko & Yoo, 2012). According to Ko & Yoo, organisations need to actively seek ways to increase job autonomy for their employees. In the current competitive and rapidly changing business environment, many organisations strive to create workplaces that foster innovation and creativity, ensuring that their employees can achieve maximum performance. To encourage innovative behaviour among employees, organisations must first guarantee job autonomy.

Furthermore, the research of Park & Kim (2021) investigating a panel of Korean companies found that an autonomy-supportive

environment positively affected employee satisfaction, which has a positive effect on organisational performance.

## 2.4 Summary of Literature Review

The literature reviewed highlights the complex relationship between hierarchical structures, cultural values, and innovation in Korean corporate culture. While traditional hierarchical models potentially could hinder innovation, modern practices that increase autonomy and flexibility are showing promise in stimulating a more innovative corporate environment. The key could lie in balancing respect for hierarchy with practices that encourage open communication and the free exchange of ideas. This balance is essential for Korean companies to remain competitive and innovative in the global market.

## 3. METHODOLOGY

### 3.1 Research Design

Qualitative research methods have been employed, drawing insights from five interviews with employees working within companies in Korea, in addition to desk research. The qualitative research design enabled the researcher to look for the interviewees' deeper motives, providing a broader context for the research. An inductive approach was chosen, as this allows for more flexibility, depth of understanding and the possibility of new concepts and theories to arise (Burney & Saleem, 2008).

### 3.2 Data Collection

The collection of data was done through purposeful sampling. This provided more control over the sample group, enabling the selection of individuals based on their suitability for the research objectives. This approach involved selecting interviewees with specific requirements in mind to facilitate a more relevant, comparative, and in-depth analysis, aiming to contribute to the validity and reliability of the findings. Interviewees were selected based on their roles. Common or personal connections were utilised to get in contact with them. The scope of this thesis involves five interviewees, all working at companies within Korea. It is recognised that a larger sample size is desirable but for the scope of this research, the sample size is sufficient. Nonetheless, it lays a solid foundation for exploring the research topic. If the insights prove meaningful, future research with a larger sample size could enhance the depth, breadth, and validity of the research. To create a holistic picture the interviewees were selected from various companies, different organisation levels and different sized companies.

The interviews were semi-structured, aiming to allow interviewees to express themselves freely. This approach involved following up on responses with probing questions to delve deeper into the topic, allowing for more open-ended

**Table 1 Interviewee Characteristics**

Interviewee	Gender	Age Range	Industry	Company Type	Role	Nationality
Interviewee 1	Male	30-50	Tech	Korean - MNC	Project Leader Global Strategy	Dutch
Interviewee 2	Female	20-30	Financial Consultancy	MNC	Consultant	Korean
Interviewee 3	Male	50-65	Aviation	MNC	Head of Sales	Korean
Interviewee 4	Female	30-55	Entertainment	Korean - MNC	Board Advisor	Korean
Interviewee 5	Female	20-30	Tech	Korean - Startup	Junior Employee Planning	Korean

discussions while maintaining a loose structure, a limitation of this is that not all interviewees were asked completely the same questions. Written and/or verbal consent was obtained from each interviewee regarding the use of their insights, as well as for the recording and transcription of the interviews. Interviews took place online through Microsoft Teams and Zoom.

### 3.3 Data analysis

Following the online interviews, the data was analysed and compared to identify patterns, emerging themes and common experiences. To do this carefully the data was subjected to a thematic analysis from Braun and Clarke (2012). This method consists of six phases: familiarisation with data, generating initial codes, searching for themes, reviewing themes, defining & naming themes and finally producing the report. To ultimately provide empirical support for the research questions. The interview transcripts were coded, to ensure anonymity when quoted or referenced in the research.

## 4. RESULTS

This section presents the results obtained from the interviews. The interviews aimed to find out how hierarchical structures influence innovation and autonomy in South Korea and how companies in Korea stimulate innovation. The results were divided into themes that emerged from the interviews and were perceived to influence innovation.

### 4.1 Hierarchical Challenges

A recurring theme in the interviews was the challenge posed by hierarchical structures within organisations. Several interviewees expressed difficulty in navigating these traditional hierarchies, which in practice often hindered innovation and open communication. Interviewee 1 noted that the high degree of vertical layering specifically leads to time delay and unclear tasks due to the slow communication down the hierarchical ladder. As he stated “Orders that come from the top are not fully understood down below... and then people have to figure it out... But it explodes into a huge amount of work for people at the bottom. And then they don't ask the top, 'but what do you actually mean?'”. This results in unnecessarily overdelivering on objectives and losing time “You can lose time if things are not well understood... and that just unnecessarily a lot of things are done at the bottom”. When asked if he thinks the company would be better off with a less hierarchical organisation he stated “Can it be a bit flatter with us? Yes... Can you get a bit more cross-pollination vertically? Yes... I think it mainly has to do with middle management... We are working on delayering” However, he expressed that it is difficult to delayer as a very large company and that a certain degree of hierarchy comes with being a large MNC.

In contrast to this, Interviewee 4 and 5 both experienced their organisational structure as a relatively flat hierarchy, where there were conscious efforts being made to maintain a flat structure and prevent falling back into hierarchical habits. Interviewee 5 works at a startup and Interviewee 4 works at a company that was founded a bit more than a decade ago. Both interviewees mention that from the founding of the company, the companies have tried to maintain a low degree of hierarchy. Interviewee 5 mentions that “We have low hierarchy, and we are working at lowering it more” while referring to the startup she works at. But she states that “a lot of Korean companies are trying a lower hierarchy, but I think it will take a lot of time to get there from a Korean sentiment from Confucianism ... it's natural to follow the decisions of older and more experienced people.”. When asked

how her company tries to lower their hierarchy she responds with “we use English names and ask for team members opinions”.

Interviewee 4 had mixed feelings about lower hierarchy; upon joining she experienced it as a “chaotic organisation of a mix of startups” but noted that this was “before (name of company) was organising large subsidiaries”. Which was an effort to split up the company into different sub-companies. When asked if the subsidiaries were an approach to maintain a lower hierarchy, the response was “there's definitely that intention and expectation from both the management and from working level employees” and they “try to ... maintain the small company structure. However, ... it actually grows too fast into a big company”. This emphasises the challenges that come with maintaining a horizontal hierarchical structure.

Overall, the interviews reveal that while a non-hierarchical, flexible approach can stimulate innovation and collaboration, transitioning to a larger corporate structure brings challenges that require thoughtful management of the organisational hierarchy to balance efficiency.

### 4.2 Autonomy

The role of employee autonomy in driving innovation emerged as a significant theme in the interviews. The insights from the interviewees underscored that granting employees more autonomy enhances their creative output and leads to more innovation. But in practice implementing employee autonomy poses challenges.

When asked how her company stimulates innovation Interviewee 5 mentioned “I think through employee autonomy... employee autonomy can contribute to innovation. Makes people more creative when they get to choose when they do what task and if they have more freedom”. However, she also mentions that her company has “a set framework when we work”. And that their company tries to move on from that but that in practice this proves to be difficult “It's hard to get out of it ... everyone sticks to the old way because it's less likely to fail”, referring to the old way as centralised decision-making. Furthermore, Interviewee 1 stressed that autonomy within their company is highly job dependent. “Sales is done locally and has a lot of autonomy. A lot of other things are decided more centralised”. Additionally, he stated that in a company focused on manufacturing, one quickly loses a degree of employee autonomy. Interviewee 4 concluded that from her experience in general, traditional Korean companies limit employee autonomy, with mainly top-down decision-making about projects. Interviewee 3 underscored this when he said that “the ‘Korean’ company is very directive” and that traditionally when the managers have a particular idea about a certain project it is the juniors' task to make it as described by the manager, with little to no freedom in how they tackle the project. Moreover, Interviewee 4 also concludes that in her industry “entertainment in nature is different, that everybody needs to work within the ecosystem... no company can actually work by themselves”. This limits the independence that employees have when working. While the degree of freedom to create different types of projects is great.

### 4.3 Use of English Names

The practice of using English names was a notable theme that emerged from the interviews. The policy entailed choosing a personal English name that colleagues address you with. Several interviewees discussed how this approach had been implemented in their organisations to create a more open and less formal work environment, done by moving away from the Korean language's

focus on addressing people with honorifics and job titles, as these are perceived to emphasise the roles and the inequality between people. However, in practice, the perspective on its effectiveness varied between the interviewees.

Interviewee 2 expressed a negative opinion about the use of English names, finding it impractical and superficial. "I hate those policies... they're just speaking Korean... they're just going to say it politely anyways, with the English name". Here she is referencing to the polite honorifics that the head of the organisation was exactly trying to rule out, in their opinion that makes it an additional step with no real point.

However, opinions on this strategy were divided as both Interviewees 3 and 4 were advocates for it. Interviewee 3 provided insights into the benefits of using English names within their team. He explained that this practice was part of an effort to reduce formality and hierarchical barriers, disliking the honorary mentioning of their title when being addressed, he initiated the change himself, stimulating a more relaxed and open environment. However, he noted that a previous attempt at this change 8 years ago failed as at the time it was "not easy to get used to call them English names". But over the last few years he tried again. "And we use our English name on our official email" and the initiative now succeeded. Interviewee 4 discussed how she liked that it keeps your work and personal identity separate from each other "I actually regarded my English name like an ID, it's like a codename". Only using that English name for work and using others' work names opposed to the names used in private circles enhanced efficiency from her perspective.

The other two interviewees had different opinions. Both concluded that they do not think that an English name policy is a true solution for the experienced hierarchical barriers while also saying that it might be a step in the right direction. As interviewee 1 said, "We see that the honorific title mentioning has partially disappeared. And is decreasing. However, I am not sure if this is truly the game changer". "I am not a huge fan about that honestly. It sounds like your own name isn't good enough" But both the companies that they worked at had something in place. At both companies, it was common to choose your own name. For interviewee 1 "Everyone can create their own nickname, this can be in English ... some people do it, others don't". For interviewee 5 it was also optional. But at both companies, the honorific title mentioning was partially left out after this policy.

Overall, the interviews revealed mixed perspectives on the use of English names to facilitate communication and reduce hierarchical barriers. While most interviewees found this practice beneficial in promoting equality and open communication, others highlighted their discomfort.

#### 4.4 Workload Impact on Innovation

The effect of heavy workloads on employees' ability and willingness to innovate was a significant concern highlighted by several interviewees. As Interviewee 5 noted, while team members come up with ideas to grow the company, they often do not mention all due to their already heavy workloads. This indicates that despite having ideas, the burden of current tasks prevents them from actively contributing to innovation as much as possible. She further elaborated "We have a lot of work tasks. So, we don't have enough time to offer ideas because we work overtime many days and have a lot of things to deal with.". This emphasises how normalised working overtime in Korea is. But it can also be attributed to the company still being in the startup

stage. Furthermore, Interviewee 2 highlighted the high employee turnover. Employees are mainly working towards short-term goals as employees generally do not stick around for many years. As also most projects finish quickly there is little commitment to be innovative at the core of the company. This environment discourages long-term innovative efforts for systems within the company as employees would mainly experience it as more work and extra tasks. However, this approach is appropriate for short-term projects as they get the full attention of employees.

Interviewee 1 noted that extensive workloads prevent employees from seeking clarification from higher-ups, especially if the message has been passed on multiple times downwards in the organisational hierarchy. This leads to inefficiencies where the executor does not understand why a certain thing is required, therefore misinterpreting the exact aim of the project and over or underdelivering accordingly, overall leading to inefficiency. This miscommunication suppresses innovation as employees hesitate to push back or clarify given directives. The interviewee also mentioned that "People have pretty tight targets ... and little incentive to try other things, as they get judged on the predefined tasks", this focus on meeting immediate targets over exploring new ideas discourages innovation, creating a work environment that limits creativity.

On the other hand, interviewee 4 experiences that pressure on employees is decreasing. She brought up a law made by the government to protect workers' labour rights. The 52-hour workweek rule limits all employees to an absolute maximum of working hours per week, already including the allowed overtime of 12 hours on top of a 40-hour work week. When companies violate the 52-hour rule they face penalties like fines and legal consequences. The interviewee noticed that in practice this now means that "the young generation" leave the office the moment that the clock hits 6. This was considered a big contrast compared to times before the law when it was common to sit in the office past 6 when your boss was still there.

Overall, the interviews revealed the commonality of heavy workloads and their significant impact on employees' ability and willingness to innovate.

#### 4.5 Korean Culture

The interviews show that Korean culture significantly influences corporate behaviour and employee interactions within organisations. Several key cultural values were highlighted during the interviews, reflecting both traditional and evolving aspects of Korean society.

The most apparent cultural value that came out of the interviews would be the importance of respect. Showing respect, especially towards seniors or superiors, is a pervasive element of Korean corporate culture. This is often reflected in the use of honorifics and polite language. Generally, when addressing someone higher in the social hierarchy honorifics get used and this is such common practice that the interviewees view it as normal. Furthermore, respect is shown in the directness of speech at meetings with others, as Interviewee 2 mentioned "I would still say stuff, but I would say it in a different way...would tell them...not like straightforwardly in a meeting where everyone is, but on the side, or tell them with a less straightforward way, straightforward enough that everyone would understand. But also not disrespecting that person". She would rather use implication or circumlocution rather than express herself bluntly. Interviewee 2 also noted that the traditional Korean values like

Kibun, Chaemyeon and Inwha have been watered down so much that people do not view them as separate things anymore and that in her opinion it just boils down to the importance of being very respectful “Chaemyeon, Inwha ... they all have to do with respect. So as long as you respect that person, and also show that respect...it won't really matter”. Interviewee 1 also recognises that in Korea people share their thoughts more implicitly, avoiding being direct when possible “Korean culture is less direct, more implicit”. Within the different levels of the company, he also recognises that certain values are emphasised. Respecting seniority plays a role at all stages but especially in the higher levels this is obvious. Similarly, to interviewee 2, interviewees 3 and 4 view that those traditional Korean values are slowly disappearing. Interviewee 3 mentioned that he would summarise what is left of those traditional values as the importance of respect for each other. And that the main repetition of the traditional values takes place in the obligatory military service for males, which he views as the most traditional hierarchical structure as well. In contrast, he mentions that in practice the young generation is more independent than the generations before. And that the abidance to the traditional values is something from his (the previous) generation. And that also they have evolved in the meantime. On the other hand, Interviewee 1 said “When looking at the debt that people are in, you can see how important appearance is in Korea...buying the latest and greatest and showing it off...there is a large focus on spending for that sort of stuff”.

Furthermore, Interviewees 2, 3, 4 and 5 all share a similar thought in common. Namely, that a strong work ethic and willingness to make sacrifices for the company are and have been clear characteristics of Korean corporate culture “It led Korean firms to develop so fast in a short amount of time because they actually considered a firm as their family, not for money”. People work with a sense of ownership of the company they work at. Which according to the interviewees is shown partially by all the overtime hours that Korean people have put in over the years but also by the passion people have shown to work “The Korean people...within the last 70 years...are very motivated...and also every single Korean have a very big enthusiasm...to contribute on their part of the task”. That sense of dedication is according to the interviewees one of the key drivers of the rapid economic growth and success of Korean companies on a national and global stage.

#### 4.6 Rewarding Innovation

Reward-based working was a notable theme in the interviews. When asked about rewarding incentives Interviewee 4 mentions that “all the employees received the stock option”. Furthermore, if one of their projects performs well, there are bonuses awarded in the form of stock options to employees who contributed to those certain projects. And, to upper management stock options are rewarded if the company performs well. Similarly, interviewee 3 noted “We also have some reward system”, for innovative ideas, and they get rewarded in a non-monetary form “It could be... mileage for their own trips, or sometimes tickets or sometimes hotel coupons”. They have different levels of rewards for the different levels of innovative contributions in place segregating the contributions in “white belts...yellow belts...black belt is the...highest level”. Rewarded when “for example...some flight attendant come up with some idea on how to use less plastic”. Furthermore, Interviewee 5 stated that at her company they did not have any reward system in place but that in three to five months she will see her first performance-based pay in addition to her regular pay. Based on “we needed to make

an investment contract with the state. So, if we make that contract, we'll get 2% of that amount”.

## 5. DISCUSSION

### 5.1 Interpretation of the Results

This section interprets the findings from the interviews, and compares them to the existing literature to form new conclusions to answer the research question: How can Korean companies adjust their hierarchical structures to enhance innovation and autonomy? Existing research has not addressed what is the impact of hierarchy on innovation in Korea specifically. Also, the adaptability of Korean hierarchical structures has not been studied yet. From the interviews, some main themes were identified that influence innovation. During the interviews, the interconnectedness of the themes was also emphasised. They circle closely around each other, and all slowly change together over time as well. It is also likely that a change made in one of the themes shows clear results in the other themes.

#### 5.1.1 Hierarchical Challenges

The interview data highlights the challenges posed by hierarchical structures within Korean companies. Interviewees reported that these hierarchies can suppress innovation and hinder open communication.

As Interviewee 1 mentioned that the high degree of vertical layering results in time delays and unclear tasks due to slow communication down the hierarchical ladder. Unclear deliverables can lead to over-delivery on objectives without a proper understanding of the tasks, as middle management fails to clarify directives effectively. This indicates that the traditional hierarchical model while providing clear chains of command, can be a significant barrier to efficient work practices and innovation, especially if there are many vertical layers. This experience from practice in South Korea is in line with the existing literature of Büschgens et al. (2013) that suggests that without regarding specific countries hierarchical culture traits can limit the flexibility and openness needed for innovative thinking. However, that this is also the case for companies in South Korea is a new finding.

It is also in agreement with the theory of Choi et al. (2021) that concludes that hierarchical structures can lead to efficient decision-making top-down. However, it does suppress the free flow of ideas from lower-level employees. Even though the decisions might have been made efficiently. The amount of work that it turns into in combination with overdelivering on unnecessary deliverables due to wrong interpretation is something that the literature does not consider.

Contrastingly, Interviewees 4 and 5 experienced relatively flat hierarchies within their organisations, which were consciously maintained to stimulate a collaborative and innovative environment. However, for a large company to utilise a non-hierarchical structure proved to be disorganised during their rapid growth stage. The combined insights suggest that while reducing hierarchical layers can promote innovation, it requires careful management to balance the benefits of flexibility with the need for organisational efficiency and it should always be carefully evaluated what degree of organisational hierarchy would be optimal for the company.

In relation to the research question “How can Korean companies adjust their hierarchical structures to enhance innovation and autonomy?”, one of the aspects of enhancing innovation would be reducing the vertical layers to a certain extent. Dependent on

the company type and industry the degree of a horizontal organisation should be adopted. And it seems that this is nowadays recognised within Korean companies. Considering the sub-question *“To what extent does a hierarchical organisation influence innovation?”* the desk and practical research showed that it significantly influences innovation. However, the ease with which the degree of organisational hierarchy can be lowered depends on the size and type of the company.

### 5.1.2 Employee Autonomy

The role of employee autonomy in stimulating innovation emerged as a significant theme during the interviews. Interviewees emphasised that granting employees more freedom around tasks and decision-making enhances their creative output. Interviewee 5 highlighted that autonomy contributes to innovation, as it allows people to be more creative. However, she also noted the difficulty in breaking out of traditional frameworks due to their perceived lower risk of failure. This shows that there is an understanding of the perceived benefits of employee autonomy. This is in line with the approach proposed by Ko & Yoo (2012) stating that organisations need to actively seek ways to increase job autonomy for their employees. However, the literature does not fully recognise the difficulty of putting that into practice. A way to overcome this challenge could be demonstrating to managers that employee autonomy is beneficial, and upon implementation monitoring that the organisation does not fall back into old habits. The degree of autonomy varied significantly between job roles and industries. This variance indicates that while autonomy is beneficial for innovation, its implementation must be tailored to specific job functions and industry requirements (Park & Kim 2021). Specifically, this is the case for jobs where innovating products, processes or services require more autonomy. Furthermore, concluding from interviewee 5 not every industry has a similar view towards employee autonomy. In her industry employee autonomy is rare as projects are in collaboration with other parties which limits the freedom and influence one employee has. In regard to the sub-question *“In what ways do Korean companies enhance employee autonomy to produce more innovation?”*, not every company tries to enhance employee autonomy but the companies that do, base the degree of given autonomy on the different job objectives for the different departments of the organisation. In general, companies try to grant more freedom around tasks and decision-making, with the aim of increasing innovation.

### 5.1.3 English Name Policy

The use of English names to reduce hierarchical barriers and facilitate communication was another notable theme in the interviews, that proved to be a common practice within Korean companies. While most interviewees found this practice beneficial, promoting equality and open communication, one viewed it as superficial and ineffective as it did not change the underlying hierarchical dynamics, this was however the only interviewee who did not have direct experience with this policy and only reflected on how she perceives it as an outsider. In contrast, the others with direct experience supported the policy, noting that it helped reduce formality and promote a more comfortable work environment. With one interviewee highlighting that it was an effective way to keep private life and work life separate. But based on the interviews what seemed to work best was approaching this policy with a certain freedom. For instance, choosing a personal nickname.

The interviews showed that everyone was known with the concept of an ‘English name policy’. Furthermore, opinions on the concept varied heavily. Interestingly, the international interviewee thought it served a very different purpose compared to the Korean interviewees. The Korean interviewees all recognised that it was an effort to lower hierarchical distance within a company while the international interviewee viewed it primarily as an approach to remember names more easily. The majority of the interviewees saw it as a positive change, and they stressed that losing the honorific mentioning of title when addressing someone helped the most. Therefore, the most viable approach seems that instead of choosing a Korean or English name, companies should be putting the focus on losing the honorifics. Even though there is no scientific research on this subject yet, non-academic articles found that unifying the standard honorifics to “nim” or “pro” (which are honorifics that could be used on anyone) could be a way to lose the hierarchical honorifics and instead using the same title for everyone, regardless of place in the hierarchy (Seung-Hyun, 2023; Min, 2023). But scholars with expertise in the field do agree that “The most convenient method to stimulate a horizontal corporate culture is to use an English name because it creates a new different identity of the employees,” (Min, 2023).

Regarding the sub-question *“What practices do Korean companies utilise to be more innovative?”* the perspectives from the interviewees indicate that while the English name policy can be a step towards reducing hierarchical structures, its effectiveness depends on the broader organisational culture and the genuine commitment to stimulating equality and open communication and it is shown that this is not an effortless change. This suggests that an alteration of the English name policy is promising when it focuses on replacing the honorific mentioning of title with unified honorifics.

### 5.1.4 Workload and Innovation

A theme that arose during the interviews was the commonality of heavy workloads. Several interviews highlighted that excessive work demands left little time or motivation for generating innovative ideas. A theme that arose was that at some organisations due to the workload, people deliberately do not come forward with innovative ideas to prevent more workload. Meaning that the workload significantly influences innovation. This is in line with the literature of that concludes that firms with higher collective turnover (workload) exhibit lower firm performance (Oh, et al., 2023).

Furthermore, in the interviews a positive trend was recognised, the 52-hour workweek rule by the government that limits employees to a maximum of 52 hours per week, including overtime, which according to an interviewee has led to a decrease in work pressure and potentially created a more conducive environment for innovation. And a recent study has shown that since the law was put in place the percentage of the workforce that works more than 50 hours per week has decreased from 12% to 10,2% (Yoon & Lee, 2024). This regulatory change highlights the importance of balancing workload to stimulate an innovative culture within organisations.

In relation to the sub-question *“What practices do Korean companies utilise to be more innovative?”* the literature and interviews show that the practice of limiting workload can enhance people to be more innovative. Careful monitoring of workload is essential for companies seeking to enhance innovation.

### 5.1.5 Korean Culture

The interviews highlight the deeply rooted influence of Korean cultural values on corporate behaviour and employee interactions, emphasising respect and hierarchical structures. This agrees with the theory of Habib et al. (2017) that states that Kibun, Inwha and Chaemyeon have significantly influenced corporate behaviour. Respect towards seniors, superiors and others, often demonstrated through honorifics and indirect communication, is a pervasive element. This respect is so ingrained that it influences how employees communicate, leading to indirect communication to prevent someone from looking bad in front of the rest of the team. The interviews showed that within South Korea in practice traditional values like "Inwha" (maintaining harmony), "Kibun" (feeling) and "Chaemyeon" (face, appearance) are not present in the way it once was, they were watered down and are now viewed more upon as a standard practice of being respectful, especially to superiors or your seniors. The interviews showed that there is a clear shift towards modern and flexible practices, especially in younger companies. Young organisations strive to reduce hierarchical layers and stimulate more open environments, although traditional Confucian values still pose challenges when introducing innovative ideas. This evolution reflects an ongoing balance between the maintenance of cultural heritage and adopting more innovative business practices. The strong work ethic and willingness to make sacrifices for the company are characteristic for Korean corporate culture, contributing significantly to the rapid economic growth and success of Korean companies. Employees often exhibit a sense of ownership and dedication, which drives the collective success of their organisations. Furthermore, what interviewee 1 stated about appearance, while not mentioning it directly in the interview, is in line with the concept of Chaemyeon where people want to present themselves in a certain way. To give others a positive perception of them (Toyryla, 2023). Showing that from the point of view of foreigners there are some aspects of traditional Korean culture still visible, despite having evolved.

Regarding the research question "How can Korean companies adjust their hierarchical structures to enhance innovation and autonomy?", when looking at the culture of an organisation adjusting the culture of respect is a complex task but can be a part of the adjustments that enhance innovation and autonomy. The modern-day version of the traditional Korean values, the sole emphasis on respect is developing with time and Korean companies that want to enhance innovation and autonomy should change their hierarchical structures along with those developments.

### 5.1.6 Rewarding innovation

Looking at the sub-question "What practices do Korean companies utilise to be more innovative?" reward-based systems are one of the practices that are used in South Korea to motivate employees to be more innovative. Whether monetary or non-monetary, reward systems were in place to enhance innovation. This is backed by research showing a positive influence of monetary reward systems on innovation (Honig-Haftel & Martin, 1993). This is demonstrated to be a good fit within Korean companies due to all the interviewees who mentioned a reward-based system spoke positively about it.

## 5.2 Theoretical Implications

The aim of this study was to contribute to the understanding of hierarchical structures, employee autonomy, and cultural values

within Korean corporate culture. This research underscores the existing literature that a hierarchical culture can be a significant barrier to innovation and found that this is the case for companies in South Korea as well. Furthermore, this research adds that non-hierarchical company cultures were perceived as more innovative but also as more disorganised. Regarding employee autonomy, this research contributes that while job autonomy in South Korea has been demonstrated to benefit innovation and organisational performance (Park & Kim 2021), its implementation must be tailored to specific job functions and industry requirements. This research also provides insights regarding English name policies within companies in South Korea, a topic on which no prior scientific research was found. The findings regarding English name policies were that the majority of the interviewees viewed the policy as a positive change, primarily because it eliminated the use of honorifics. This suggests that an adapted version of the "English name policy," focused on replacing honorifics, could be more effective for South Korea. However, further research is necessary to confirm this. Additionally, this paper gave new insights into Korean corporate cultural values. According to the Korean interviewees, traditional Confucian values such as Inwha, Kibun and Chaemyeon are not as prevalent as they once were within South Korea. The core of these values nowadays centres on respect towards superiors and others.

## 5.3 Practical Implications

The practical implications of this research offer actionable insights for Korean companies aiming to enhance innovation and employee autonomy.

Firstly, reducing hierarchical layers can enhance innovation, but the extent of which is dependent on the industry and company type. Careful management is necessary to balance the flexibility gained with the need for organisational efficiency.

Secondly, employee autonomy should be tailored specifically to the objectives of different departments and jobs within organisations. It is important to monitor the implementation to ensure that agreements are upheld and that the company maintains its focus on employee autonomy, which can help overcome resistance to change.

Implementing English name policies can also help reduce hierarchical barriers and enhance innovation. Focussing on eliminating honorific titles or adopting unified honorifics, rather than simply adopting English names, could be a more suitable alteration for Korean corporate culture. Furthermore, limiting and monitoring workload can also enhance employees to be more innovative. Lastly, utilising reward-based systems as a motivation to enhance innovation is demonstrated to fit well within Korean companies.

## 5.4 Limitations

This research contains some limitations that might have influenced the results of this research.

### 5.4.1 Researcher Bias

A limitation is the potential for researcher bias. The researcher's interpretations, assumptions and perspectives can influence the analysis and conclusions. Efforts like coding the data were made to remain as objective as possible, but the subjective nature of thematic analysis inherently involves the researcher's influence on the data interpretation process.



#### *5.4.2 Sample Size, Diversity and Generalisability*

The diversity and size of the sample, while providing a relatively broad range of perspectives, also posed a limitation. The five varied backgrounds and experiences of the interviewees mean that the findings may not be fully representative of any single group. This diversity makes it difficult to draw strong, generalised conclusions, and the results should be interpreted with caution as it is not representable for the wide population.

#### *5.4.4 Language Barriers*

The level of English proficiency among some interviewees could have influenced the quality and clarity of their responses. It also made quoting not a completely viable option and therefore the main way of referencing was through interpretation of the interviews from the researcher. Furthermore, language barriers might have led to misunderstandings or incomplete expressions of their thoughts and experiences.

### **5.5 Recommendations for further research**

#### *5.5.1 Larger Sample Size*

Future studies should consider expanding the sample size to enhance the generalisability of the findings. A more extensive sample that includes a greater diversity of companies, both in size and industry, would provide a more comprehensive understanding of how hierarchical structures impact innovation across different contexts. Increasing the sample size would also allow for more robust statistical analysis, thereby strengthening the validity of the conclusions drawn.

#### *5.5.2 Homogeneous Samples from Individual Companies*

Investigating more people from the same company would help in understanding how hierarchical structures and innovation are experienced from different organisational levels within a single organisational context and it also takes the unique culture of the company into account. These detailed insights could be valuable in developing tailored strategies to stimulate innovation within specific organisational cultures.

#### *5.5.3 Use of Native Language in Interviews*

Future research should consider conducting interviews in the native language of the interviewees to mitigate the impact of language barriers. Employing native speakers as interviewers or using interpreters could lead to more nuanced and accurate data collection, ensuring that the complete meanings of their answers are fully captured and understood.

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## 8. APPENDIX

### Semi-structured Interview guide

#### Aim:

The aim of this research is to explore how hierarchical structures impact innovation and employee autonomy in Korean corporate culture. The objective of these interviews is to understand the dynamics of hierarchy, innovation practices, and employee autonomy in various Korean companies.

- Let the interviewee know that this interview is being recorded and transcribed. For the purpose of this thesis and that they will remain anonymous in the research paper.

#### Section 1: General Information

1. **Could you tell me something about yourself and your job?**
  - What is your position?
2. **Can you describe the hierarchical/organizational structure of your branch in Korea?**
  - Where do you stand within this structure?
3. **How has your job evolved since you started in your position?**
4. **In what areas of your organization do you see the most innovation?**
  - Can you give an example of a specific form of innovation (product, process, idea, reorganization)?
5. **Has your company implemented strategies to encourage innovation?**
6. **How do you perceive the role of senior leadership in fostering a culture of innovation?**

#### Section 2: Employee Autonomy and Innovation

6. **Do you think employee autonomy contributes to innovation?**
  - How much autonomy do different levels of employees have?
7. **How diverse is your branch in Korea in terms of nationalities?**
8. **How do Korean values like Gibun, Chaemyon, and Inhwa manifest in your international company?**
  - Do these values influence innovation?
9. **How does your organization balance maintaining respect for hierarchy with encouraging open communication?**
  - What are the reactions to changes aimed at reducing hierarchical barriers?
10. **What do you think is the biggest difference between working at an internationally founded company in Korea compared to a Korean founded company in Korea?**

#### Section 3: Risk-Taking and Collaboration

11. **How is risk-taking perceived in your organization?**
  - What role does it play in innovation?
12. **What role does collaboration between different levels of employees play in the innovation process?**
13. **Does your company utilize an English name policy?**
  - If so, what impact does it have on communication and hierarchy?
14. **Does your company take measures to ensure that new ideas are heard and considered at all levels?**
  - Is there a reward system or is it an expected part of the culture?
15. **How does your Korean branch compare to other countries' branches?**
  - What are the main differences?

#### Section 4: Cultural Influences and Global Practices

16. **In Western companies, the philosophy that a lower degree of hierarchy is better is becoming more prevalent.**
  - Do you sense this within Korea as well?
  - Do you sense it at your company?
17. **How much do you sense societal/organizational hierarchy at your organization?**
18. **What role do Korean cultural values play in your company's innovation practices?**
19. **Are there any innovative practices from your experience that you believe other cultures could learn from Korean companies?**

#### Section 5: Challenges and Opportunities

20. **What are the biggest challenges your company faces in terms of fostering innovation?**
  - How does your company address these challenges?
21. **What opportunities do you see for enhancing innovation in your company?**
22. **What do you think distinguishes Korea from many other countries in terms of innovation despite a higher degree of hierarchy?**
23. **How do you think Korean companies manage to be innovative even with less appreciated out-of-line speaking compared to Western companies?**

Section 6: Concluding Questions

24. **Are there any factors currently holding your company back from being more innovative?**
25. **Is there anything else you would like to add or any questions you feel I should have asked?**