Whither seniority?
Career progression and performance orientation in South Korea
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Abstract
Framed by institutional theory, this study reassesses the influence of seniority on human resource management (HRM) in South Korea today. We analyze first the overall influence of seniority in business, second its significance for career progression (i.e. promotion), and third its relation to individual performance orientation. By conducting in-depth interviews among local and expatriate managers, we find that the role of seniority is still pronounced. Seniority-based promotion remains significant, and individual performance evaluation systems, as are typically found in Western countries, hardly fit the cultural environment and tend to be ineffective. By contributing to the extant theories on institutional dynamics and the convergence–divergence–hybridization debate alike, our results strengthen the culturalist approaches, holding that informal institutions persist and do not disappear quickly. Further, rather than moving towards global convergence, we see the Korean HRM system as being in a state of hybridization caused by coercive isomorphism resulting from experimentation with foreign best-practice systems. As a result, some HRM practices are dysfunctional. We recommend that firms should reinterpret their valuation of individual performance towards team achievements and pay more attention to the optimal team composition.

Keywords: Seniority, South Korea, HRM systems, isomorphism, performance evaluation, promotion

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Introduction

The significance of informal institutions (North, 1990; Peng, 2014) is explained by their ability to fill the gap in the case that formal institutions are either absent or ineffective, as is often the case in emerging economics, for instance China, Brazil, or Russia (Estrin & Prevezer, 2011; Horak & Restel, 2016; Ledeneva, 1998). At the same time, there is a belief that, once formal institutions are established and effective, informal institutions will disappear, as they will become useless (e.g. Guthrie, 1998). So far most debates concentrate on the direction in which informal institutions, for example in China and Russia, will develop in the future (Ledeneva, 2008; Leung, 2008; Li & Madsen, 2011), although the questions of whether and why informal institutions are still effective under stable formal institutions in an advanced country – not a developing country – are rarely asked. The answers would however contribute to a better understanding of the development dynamics of informal institutions (Helmke & Levitsky, 2004; Horak & Restel, 2016). Given this background, in this study we are interested in gaining a better understanding of the dynamics of institutional change in the context of the South Korean (henceforth: Korean) HR system. There is a continued interest among scholars particularly in how the typical seniority system in Korean HRM develops, while international best practices usually do not ascribe it the ability to increase individual performance or see it as a decisive factor for career progression (Bae, 1997, 2011; Chang, 2006, 2011; Tung, Paik, & Bae, 2013). Thus, we focus in the present study on the particular area of promotion and performance evaluation (Bae, 1997; Bae & Rowley, 2001; Chang, 2006, 2011; Tung et al., 2013). Though in Korea it is known that firms’ management systems ‘have been greatly Americanized’ (Bae, 2011, p. 3), the question of ‘how Korean’ the Korean management system still is has been of continuous interest to scholars since the late 1990s. Central to this debate are the questions of whether informal institutions persist and at the same time whether they have fully converged with Western standards (or become fully Americanized) or whether they have diverged, that is, maintained Korean features.

This research explores the effect of seniority on HRM systems in Korea, particularly on job promotion and individual performance orientation. Specifically, the central research question is: ‘Which current HR promotion and performance evaluation practices and procedures provide evidence of change or continuation patterns in the context of firms operating in Korea?’
Traditionally, Korea, like several East Asian countries, has been known for placing great emphasis on seniority (Bae, 1997; Kwon, Kim, Kang, & Kim, 2008; Rowley & Bae, 2002; Tung et al., 2013). However, how this influences the HRM systems of firms conducting business in Korea, specifically domestic firms and subsidiaries of multinational corporations (MNCs) alike, is less understood. Whereas the literature suggests that the standardization of HRM systems worldwide is important for achieving a competitive advantage (Nohria & Ghoshal, 1997), introducing new HRM systems that have proven to be successful in one country to another is often unsuccessful in reality and leads to hybridization of practices (Björkman & Lervik, 2007; Tayeb, 1998). Though the hybridization of HRM systems in East Asia has been observed in the past (Chung, Sparrow, & Bozkurt, 2014; Zhu, Rowley, & Warner, 2007), few studies actually ask why hybridization occurs and which distinctive variables of the cultural context trigger the need for adaption. In addition, the adaption effectiveness of a hybrid system is the focus of research to a lesser extent.

This study seeks to integrate parallel yet interrelated streams of research. The first stream to which we aim to contribute relates to the ongoing debate on whether informal institutions (here seniority) persist or decline with further economic development and the stabilization of formal institutions (e.g. Peng, Wang, & Jiang, 2008). Secondly, we intend to contribute to the convergence–divergence–hybridization debate in HRM. As the internalization of new procedures is considered to be important in making HRM systems effective, we are interested in exploring the distinctive environmental factors affecting HR system effectiveness in Korea. Hence, the objective of the study is to challenge the institutional view (e.g. Peng et al., 2008). Thus, this research contributes to the literature stream on the organizational factors underlying the transfer of HRM systems (Brewster, Sparrow, & Harris, 2005) by adding the local context (Meyer, 2007; Rousseau & Fried, 2001) along the lines of the central research themes of seniority, promotion, and individual performance orientation.

In-depth expert interviews were conducted with representatives of Korean firms and among MNC subsidiaries in South Korea. A qualitative approach was chosen, as we are interested in exploring the nuances of sensitive contextual features of seniority. The context of MNC subsidiaries is especially appropriate for exploring convergence–divergence–hybridization issues in HRM, because it is necessary to take into account the tension between headquarters’
policies and local standards to make localized HRM systems work efficiently. In addition, this habitat is suitable for studying the strengths of endurance of informal institutions. Those informal institutions that do not adjust fast become more visible in the case of incompatibility.

In the following we first present the theoretical frame to which we seek to contribute, consisting of the two parallel streams of research on the endurance of informal institutions and the convergence, divergence, and hybridization debate. This is followed by an examination of the literature on seniority, promotion, and performance orientation in the context of Korea. We focus on identifying the research gaps based on which the research questions guiding this research are derived. Next we explicate the methodological approach and present the results, which we discuss within the established theoretical frame in the subsequent step. Finally we provide implications for practice, comment on the study’s limitations, and outline aspects that are potentially relevant to future research.

Theoretical anchorage

The endurance of informal institutions

Peng (2014) describes informal institutions broadly as derivatives of culture, ethics, and norms. Often they are characterized as setting the ‘rules of the game’ in an implicit way (North, 1990; Peng et al., 2008). Informal institutions are seen as ‘the actual rules that are being followed, unwritten rules that often shape incentives in systematic ways’ (Estrin & Prevezer, 2011, p. 44). Hodgson (2006) defines them in more detail as ‘durable systems of established and embedded social rules that structure social interactions, rather than rules as such’ (p. 13). There is an ongoing debate in the social sciences regarding whether informal institutions may persist or decline in the future. Research conducted in this field mostly focuses on informal networks in China (i.e. guanxi), and the general opinion is that the more a country advances economically and the more its formal institutions stabilize and develop towards effectiveness, the less people feel the need to rely on informal institutions (Peng et al., 2008). Hence, their influence recedes to a minimum over time. This view, the institutionalists’ view, is supported by a large camp of scholars (Brennan & Wilson, 2010; Fan, 2002a, 2002b; Gu, Hung, & Tse, 2008; Guthrie, 1998; Hutchings & Weir, 2006; Peng et al., 2008). Contrary to this position, a second camp of scholars assumes that the dynamics of informal institutions are predominantly driven by cultural factors.
Studying guanxi, Anderson and Lee (2008) for instance assume that ‘guanxi persists and may remain essential in China’ (p. 775). The ‘culturalists’ ascribe to a country’s cultural tradition some critical implications for the future role of informal institutions. They believe that informal institutions are rather rigid and culturally driven and that, as culture does not change quickly (Hofstede, 2007), they are likely to persist (Anderson & Lee, 2008; Van de Ven & Jing, 2012; Wong, 2007; Yen, Barnes, & Wang, 2011).

There is a third camp that occupies a position between the institutionalists and the culturalists. While in principle regarding informal institutions as persistent as they are culturally driven, this group of scholars recognizes the ability of informal institutions to adjust to environmental changes while retaining key characteristics. Guo and Miller (2010) recognize ‘an emerging new form of guanxi conduct that involves knowledge and information exchange’ (p. 297). In a similar fashion, it is argued that in uncertain environments, in which tacit knowledge is imperative, informal relationships become important. This is particularly the case in technology-intensive and entrepreneurially driven industries (Li, 2008, 2010). In sum, while regarding informal institutions in the first place as being deeply engrained in the respective cultural environment, it is assumed that they are able to transform and adjust to other ongoing changes in the environment (e.g. Li, 2007a,b).

Convergence, divergence, and hybridization
The research on convergence, divergence, and hybridization in HRM has generated much interest in recent years (e.g. Chung et al., 2014). However, an explicit focus on exploring the underlying indigenous factors moderating the dynamics of HR system adoption is apparent to a lesser extent (Huo, Huang, & Napier, 2002; Rowley & Benson, 2002; Yuen & Kee, 1993). In terms of the directions in which the HRM systems in respective countries are moving, the opinions can be distinguished into three camps of scholars, one of which regards convergence as determining the trend, another rather sees divergence as prevailing, and the third occupies a position between the first two (hybridization).

Triggered by globalization, scholars arguing for convergence see managerial approaches as becoming more alike (Kerr, Dunlop, Harbison, & Myers, 1960; Levitt, 1983; Pudelko, 2006), spurred by global brands that are assumed to align consumer behaviors on a global scale (Ritzer,
In HRM the systems applied by MNCs tend to serve as a role model benchmark for emerging market firms, which either try to copy those systems or, in the case of MNC branches abroad, take over headquarters’ systems to align with the global process standardization policies. It is generally believed that globalization encourages convergence. Divergence, in contrast, considers managerial practices to be deeply engrained in the local culture, which is rather rigid and slow to change (Hofstede, 2007). The culture is regarded as given; hence, local approaches to managerial systems may substantially prevail (for a theory overview, see Brewster, Wood, & Brookes, 2008). Third, hybridization occupies a position between the convergence and the divergence paradigm and combines home country with local approaches. Whereas traditionally scholars have regarded the ability of a firm to transfer home country approaches to foreign subsidiaries as the key to establishing or maintaining a competitive advantage (Fenton-O’Creevy & Gooderham, 2003; Nohria & Ghoshal, 1997), in practice this often fails and adaption becomes necessary. However, little is yet known about which environmental factors in particular account for the resistance to a carry-over of home country HRM practices (Gamble, 2003; Kuehlmann, 2012).

Hybridization is often discussed with reference to the East Asian approach to HRM. This position sees indigenous (i.e. country culture-specific) approaches to HRM as an integral part of an international best-practice approach. Thus, best practices and local systems mix to suit the local environment better (Benson & Rowley, 2003; Budhwar & Debrah, 2008; Dowling & Donnelly, 2013; Poon & Rowley, 2010; Warner, 2000). The underlying principles leading to this mix are explained by the institutional nature of the environment. When two different systems operate in the same environment, they are assumed to become similar, that is, ‘isomorphic’ (Kostova & Roth, 2002). Isomorphism can be coerced (Brewster et al., 2008); for instance, if the institutional environment is incompatible with the host’s system, the foreign firm is forced to adjust certain parts of its HR system to the local environment (coercive isomorphism). Regardless of whether isomorphism is enforced or not, the state of hybridization is conventionally seen in the literature as a necessity to make HRM systems functional locally. However, Chan and Peverelli (2010) point out that the state of hybridization can become dysfunctional. This is the case when conflict occurs between local and international approaches. In this case hybridization becomes destructive and consequently impairs the goals of an
organization (Amason, 1996; Massey & Dawes, 2007). Hence, the state of hybridization may not be understood per se as working towards functionality. Under certain circumstances it can turn dysfunctional.

Divergence and hybridization advocates put forward in particular the societal context and the local culture as strong moderators influencing HRM practices. Hence, in the following review, we (re-)consider the influence of seniority and further review the literature on career progression and performance orientation.

**Seniority, career progression, and performance orientation in Korea**

**Defining seniority**

Seniority has been regarded as an influential factor in East Asian HRM systems, such as those in China (Cooke, 2008, 2013; Gamble, 2006; Zhu, De Cieri, & Dowling, 1998), Korea (Bae, 1997; Lee & Kim, 2006; Rowley & Bae, 2002; Yang & Rowley, 2008), and Japan (Lincoln, 1989; Poon & Rowley, 2010; Pudelko, 2006). Whereas most studies on East Asia do not deliver an explicit definition of the term seniority, it is generally understood as a pervasive system rather than an isolated variable that is defined and determined by paternalism, age differentials between actors, and embeddedness in Confucian ideals. In the context of this study, this means in more detail that in Korea age is emphasized over technical skills and performance. We use the term seniority in business as conventionally used in the Confucian Asia-oriented management literature (comp. Bae, 1997, 2011; Tung et al., 2013), that is, as a determinant that is deeply engrained in the paternalistically coined local culture and is thus effective in society and business alike. In this sense seniority in East Asia is a rather broad term that cannot be considered in isolation from its Confucian environment. However, in contrast to this, for instance in the field of economics, seniority is usually defined rather narrowly as job tenure, and several studies follow the idea that wages rise with more years of performing a job (e.g. Altonji & Shakotko, 1987; Altonji & Williams, 2005).

**Seniority and career progression**

Seniority has been regarded until now as a dominant characteristic of the Korean HRM system. In the first place, research underlines the influence of seniority as an important factor
determining the compensation level as well as promotion to a higher job rank (Bae, 1997; Bae & Rowley, 2001; Tung et al., 2013). In Korea formal hierarchies in business (as well as informal hierarchies in society) are usually related to a person’s age. Consequently, an advanced age usually goes hand in hand with a higher hierarchical position. Traditionally, seniority was a pivotal factor in determining compensation and promotion, whereas individual performance was taken into account to a lesser extent. In the case of Korea, incidents that occurred in the recent past are said to have changed seniority as an undisputed principle in HRM practices. As numerous studies testify, the crisis of 1997 led to the questioning of traditional Korean values and triggered fundamental changes (Bae, 2011). As a consequence, the post-crisis literature frequently mentions that formerly important concepts, like filial piety and respect for elders, are weakening nowadays (Chung, Lee, & Jung, 1997; Sung & Kim, 2009). Some scholars argue that the perceived trend towards individualism will lead to the devaluation of seniority as a behavioral principle in business and the key criterion for promotion (Chang, 2006).

Since research suggests that a) the influence of seniority in business is decreasing and b) Korea started questioning and moving away from seniority-based HRM systems at the end of the 1980s, we are particularly interested in exploring the research questions concerning whether, overall, the role of seniority is in fact decreasing in business (RQ1) and whether seniority plays a marginal role in promotion decisions in business in Korea today (RQ2).

**Seniority and performance orientation**

It is generally assumed that, after the economic crisis in 1997/98, Korean companies shifted to a performance-based compensation system. Studies show that approximately 43% of companies have adopted this practice, while 22% more are planning to do so (Chang, 2011). As a result, seniority has been (formally) de-emphasized and more concentration has been directed towards individual performance (Zhu et al., 2007). It appears that since the crisis the introduction of performance-based HRM systems has been an increasingly popular practice in Korea, and scholars assume that in the future the priorities will adjust so that individual performance will take priority over seniority, as is usually idealized in Western economies (Bae, 2012; Chang, 2006, 2011). However, not much research focuses on its actual effectiveness. Chang (2011) examines the effect of ‘motivation for pay’ on employee performance. In the United States,
instance, individual pay for performance is regarded as providing enough of an incentive to perform certain tasks. However, whether this payment system has the same positive effect in collectivist societies such as Korea, where harmonious employee relations and collective fairness aspects may matter, is questionable. More recently, though, it can be seen that employees in Korea have responded to the incentive-based system. Chang (2011) concludes that, when employers perceive that the individual pay-for-performance system will contribute to achieving the goals of motivating the employees and boosting their performance, employees tend to be more motivated by the pay practice. Based on the extant research, we pursue a further research question (RQ3), that is, the question of whether performance orientation largely prevails today in Korea.

**Methodology and data collection**

In continental East Asia today, Korea can be regarded as an optimal environment in which to study the dynamics of institutional development. For instance, compared with China, which is currently in transition and subject to the majority of research activities on institutional dynamics, Korea has already undertaken this process successfully. Today Korea is an advanced industrialized country and an established democracy, and it possesses stable formal institutions. Hence, in relation to the theoretical frame, following the institutionalists, informal institutions such as seniority will have a minor influence at best. The data collection proceeded as follows.

In-depth interviews were conducted in Seoul and its vicinity successively between 2009 and 2014. Due to the limited time available for conducting the interviews and, on the other side, the limitations induced by the interviewees’ schedule, several field visits were necessary. The data collection followed a judgment sampling strategy (Marshall, 1996a; Maxwell, 2013; Miles & Huberman, 1994). The key informants were selected based on certain characteristics. They had to be knowledgeable and experienced in the field of study, available for questioning, and willing to talk openly about their experiences (Marshall, 1996b; Tremblay, 1989). An ethnographic research strategy was pursued by combining an etic and an emic approach (Kottak, 2006). While relying, on the one side, on etic data (‘the cultural outsider’s view’), gathered from expatriates of foreign MNCs, the emic approach (‘the cultural insider’s view’), on the other side,
delivered valuable information from local (native) sources. Consequently, our data set reflected the views of managers of foreign firms (ca. 80%) as well as local (Korean) firms (ca. 20%).

The data set included managers with staff responsibility, that is, managers who select and recommend lower-ranked staff for promotion or managers who make the final decision on promotion. These included employees of the ranks of manager, general manager, director, c-suite manager (i.e. CEO, COO, etc.), or president. In sum 44 managers were interviewed. As so far only a very few females have gained managerial positions in Korea (Patterson, Bae, & Lim, 2013; Patterson & Walcutt, 2014), the interviewees were largely male. To avoid bias based on nationality, industry, and firm size, the subject pool was heterogeneous. Individual bias was reduced by triangulation through repeated answers or affirmed through the existing literature. The interviewees of Korean nationality were all at least bilingual (English and Korean), and most of them had spent some time abroad. Hence, they were rather reflective in their judgments. The non-Korean interviewees possessed approximately 2–20 years’ experience of living and working in Korea. They were originally from Germany, Switzerland, the Netherlands, or the United Kingdom. In terms of firm size, SMEs (small and medium-sized enterprises) and MNCs (multinational corporations) were included in the sample. The interview partners represented several industrial sectors, for example manufacturing industries, such as automotive (maker and supplier), chemicals, imaging, and service industries, such as consulting, logistics, or insurance (Figure 1).

Due to the prior living and working experience in Korea of one of the researchers, the access to interview partners was eased. When no pre-existing relationship existed, a mutual acquaintance established a connection. These direct and indirect relationships helped to establish trust and create an open atmosphere during the interviews, which are considered to be critical to control (Ryen, 2001). In cases in which no previous relationship existed, the local chamber of commerce provided support by establishing contact.

All the interviews were carried out face to face. To guide the interviews but leave the
interviewees enough room to report on potentially important matters, a semi-structured questionnaire was applied as an interview instrument. As part of the elicitation technique, the questioning was, when necessary, inspired by the critical incident technique to illustrate the statements made (Druskat & Wheeler, 2003; Flanagan, 1954). When the statements were not clear enough, the application of the technique involved the interviewee illustrating problematic situations. Accordingly, questions such as ‘How did you perceive this situation?’ and ‘What actions did you take?’ were asked. Following the request of the interview partners, all the interviews were conducted anonymously. They were taped if allowed or notes were taken during the interview and processed further immediately afterwards. The interview data were transcribed and evaluated using content analysis (Mayring, 2010; Miles & Huberman, 1994).

The coding was performed by the field researcher and guided by theoretical preconceptualizations. The coding procedure involved descriptive codes rather than abstract ones. New codes were generated if needed or codes were refined or deleted in cases in which they were proven to be unsuitable for the data or redundant. After analyzing all 44 interviews, 102 codes were identified. The majority of the codes (ca. 74%) were identified within the first 19 transcripts, and the remaining 26% were identified in the next 7 transcripts. As the full range of codes was identified in the first 26 interviews, saturation occurred after approximately 60% of the interviews conducted, meaning that further coding was no longer useful as it did not add anything substantially new to the extant status (Bowen, 2008; Mason, 2010). In addition to first-order themes, second-order themes were derived from the data when necessary, from which generalizations were finally drawn (Saldana, 2013). In each step of the analyses, the coded text was clustered, allowing the identification of patterns in the data. While the interviewer’s direct and indirect personal relationships with the interviewees represented the key factor of success in accessing a high-profile subject pool, which would not have been possible otherwise, a single interviewer may cause bias, especially in interpreting the data (Mayring, 2010). Being aware of this fact, the authors, who are experienced scholars, native and non-native to the environment, and familiar with the peculiarities and specialties of the Korean cultural context, discussed the coding procedure, clustering, and interpretation. Differences in coding or interpretations were discussed and adjusted if necessary. By taking these precautions, we regard the result as reliable. To ensure external validity, several interpretations that were drawn from the data and
generalizations made thereupon were debated with two Korean and three non-Korean interview partners asynchronously and independently from each other to confirm their accuracy (Stuart, McCutcheon, Handfield, McLachlin, & Samson, 2002). When differences or inaccuracies in interpretations were identified, they were discussed and corrected.

We assessed the intrarater reliability by applying the test–retest method (comp. Mackey & Gass, 2005; Philp, 2003). Approximately 15% of the randomly selected transcripts were recoded. Based on the percentage agreement, the intrarater reliability was 89%, a value regarded as being above the accepted reliability standards (Neuendorf, 2002). Table 1 presents the preconceptualizations and generated codes exemplified by RQ1.

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Results

RQ1: Does seniority still have an influence on business in Korea today?

Viewed through an institutional lens, societal norms and values are brought into the workplace. Hence, societal change affects HRM systems, and the latter can hardly change if the society does not change (and vice versa). Korea is known as a country in which Confucian ethics are strongly pronounced. Hence, hierarchical relationships in a family-like sense are regarded as a natural social order, and loyalty, moral discipline, and interpersonal relationships are held in high regard (Bae & Rowley, 2001; Yang, 2006). This has not changed much, as one interviewee states:

Respecting seniority is a virtue in Confucianism, and the values of Confucianism are much pronounced in Korea. [#12, expat]

This is shown in the most micro unit of a community, the family, as another interviewee explains:

Due to seniority in families, the children address parents differently from others. In the US people address each other simply with ‘you,’ but in Korea we have different forms of addressing different people in order to show respect. We never address a senior as we would address someone of the same age. [#13, host country national (HCN)]
Seniority is important when decisions need to be made. Younger managers are not believed to be in a position to make important decisions. Several interviewees mention that ‘younger managers’ can be defined roughly as staff below the age of 45 years. A higher job rank comes with age:

Seniority is important in every sphere of life. If we go to our customer without our most senior managers, we definitely do not make decisions that day. In Korea it is believed that if the most senior manager does not join in, it can’t be important. Moreover, positions have to match. Our customers don’t conclude agreements with any lower-ranked managers. Without a certain age (….) nothing moves here. [#7, expat]

When embedded in yongo networks (Horak, 2014; Lew, 2013; Yee, 2000), the influence of seniority accelerates, as a further interview partner points out. Though largely ignored by the business and management literature, yongo is an influential variable in the Korean cultural context. Yongo can be defined as ‘the term for personal relationships in Korea that are attached to affiliation to an informally organized group. (…) Yongo derives its main cohesion power from strong particularistic ties, based on kin, educational institution (school/university) and region’ (Horak, 2014, p. 87). Hence, as the majority of the antecedents are given by birth, yongo is cause-based not purpose-based; that is, it is not developed solely for instrumental purposes. Actually the only antecedent that is developable is yongo based on educational institution (in Korean: hakyon). However, hakyon, being rather university-based today, is a rather recent trend. Originally hakyon referred to (high) school ties only. Hence, it was quite predefined too, as people usually attend high school in the region where they were born. With hakyon becoming an exception today, yongo in general cannot be acquired. It is immutable and irreversible. Trust and loyalty exist between individuals who share yongo.

While at first sight yongo seems to be similar to guanxi in China, there are similarities and differences between the two. The most obvious differences can be seen first in yongo being immutable and irreversible, as described above, while guanxi is rather utilitarian, that is, used instrumentally. Guanxi is clearly developable; yongo, by definition, is not. Second, due to only three antecedents forming yongo, it is rather homogeneous in terms of its members’ background. Guanxi is more diverse; networks include members of several backgrounds, not only three. Consequently, third, yongo is rather closed and exclusive, whereas guanxi can be described as being rather open, as everybody (even foreigners) can develop guanxi in principle. Finally, the
Korean society strongly distinguishes between in-group and out-group members. Within a *yongo* network, there is ‘flexibility, tolerance, mutual understanding as well as trust. Outside the boundary, on the contrary, people are treated as “non-persons” and there can be discrimination and even hostility’ (Kim, 2000, p. 179). These characteristics have not been observed in the case of *guanxi* (for a comprehensive comparison between *yongo* and *guanxi*, see Horak & Taube, 2016; regarding *guanxi*’s characteristics, compare Horak & Restel, 2016; Li, 2007a, 2007b; Luo, 2000).

*Yongo* can be regarded as a concept based on which the Korean society defines social relationships. As an informal institution it is an important vehicle for informal transactions in business. As stated by an interview partner, seniority and *yongo* in combination are a powerful tandem for ‘getting things done’ in business:

I believe seniority coupled with *yongo* ties, in the first place the ones based on university ties [*hakyon*], is a combination that is most influential in business in Korea. [#9, expat]

The examples that we have presented so far represent the perception of the state of influence of seniority in Korea. Based on these, we do not observe a marginal role of seniority. Rather, it appears that the influence of seniority in business remains unchanged, strong, and quasi-overarching. However, there is a difference between HCNs and expatriates. Surprisingly, in sum HCNs perceive a more substantial change and would regard the influence of seniority as being in a transitory process towards a decline today. This is said to have been triggered by 1) the Asian financial crisis of 1997/98, 2) the younger generation no longer valuing seniority and being keen to take on responsibility earlier in life, and 3) most critically, the need for creativity and competence to keep Korea’s firms competitive. Quotations representing Korean and non-Korean views are illustrated in Table 2.

In summarizing our data with reference to our research question 1, we are careful to give the opposing perceptions of the interview partners by trend. It is quite obvious that drawing on strict
seniority-based norms of behavior is today being questioned more and more critically and may be softened at best, which does not mean that the role of seniority in business in Korea is marginal today. The foreign interview partners perceive seniority as still being highly pronounced, exert efforts to cope with it, and perceive it as being especially burdensome in connection with *yongo*-based ties and networks. We believe that these different perceptions of the interview partners occur because they use different mental benchmarks. The HCNs benchmark the current state of the influence of seniority with its influence decades ago. From that point of view, the extremely strong influence has weakened to a merely strong influence. On the other side, the foreign interview partners (all from individualistic Western countries) use as a benchmark the status of their home region, and from that standpoint the importance of seniority in Korea is perceived as being high and its influence as being very strong. Taking both views into account, in line with the Confucian ideals that preserve the importance of seniority, we conclude that seniority is a pervasive and influential factor in interpersonal relationships in Korea. Undoubtedly, at the same time, the degree of influence by trend is decreasing rather than increasing. Hence, we see forces that preserve seniority as well as drivers of change at the same time (Figure 2). Between the two, seniority can at different times be more or less pronounced, depending on the direction in which the forces and drivers pull the strongest. We hypothesize that rather conservative, less technology driven, and locally operating firms may draw more on seniority than internationally operating high-tech firms catering to a global market.

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**RQ2: What role does seniority play in career progression in Korea today?**

As described at the outset, over a time span of the last 30 years, seniority is assumed to have declined and been replaced by individual competence and performance. This classical assumption of convergence with Western HR practices could not be observed within our sample. Rather, promotion automatism after a certain number of years is expected by staff, as a president of an MNC states:
Our employees expect to be promoted every three to four years. There is less a sense for individual performance than for making no mistakes and serving the leader. [#42, expat]

Another manager of an MNC reports a mix of seniority and performance to be important for promotion, in which seniority and the relationship with the direct superior are the most decisive. She states:

For promotion we use a mix of seniority and performance indicators. However, for getting promoted, seniority is mandatory. It takes three years to get to assistant manager level, four years to general manager level, and seven years to go further up. That’s our company policy.

Well, young employees don’t like it, but it is the rule. Performance is evaluated once a year by assessing how staff met the annual targets. But most important is the relationship with the superior, because the superior to a great extent decides about promotion or not. [#32, HCN]

Again, the combination of yongo-based ties and seniority affects promotion expectations, as the interview partner further explains:

We face difficulties when for example several employees in a division graduated from the same university and a younger one among them is selected to be promoted. Usually the most senior expects promotion because he was already the senior in university. That’s the problem with university-based yongo [hakyon]. [#42, expat]

A managing director of an SME operating in the service industry stresses the additional options that SMEs have to cope with the promotion expectation of staff by choosing a rather eclectic approach focusing on the team constellation. He states:

In our company we somehow found our own way of dealing with seniority. We approach it very cautiously. Seniority is not the only reason to get promoted. Because we are an SME we can treat people quite individually. The mixture is what counts. People can be promoted early when they perform well, but that needs to fit with the team. Young performers often have excellent technological knowhow, but the seniors have the connections to the customer that a younger often has not to that extent. Seniors are more respected by the customer, and it happens quite rarely that our customers have a junior in a higher position. So this is driven by our customers. It is the same in chaebols¹ and SMEs alike; 90% of them are seniority driven. [#23, expat]
In sum, as confirmed by HCNs and expatriates alike, we find differences between SMEs and large firms. For SMEs, which are more flexible than large corporations, a case-by-case approach seems to work as long as it conforms to the cultural environment. Specifically, promotions and hirings are discussed with the respective department; reaching consensus unanimously is the key. Overall it is quite clear that promotion automatism based on seniority rather than on individual performance is expected in addition to being loyal to and serving the direct superior (usually a senior). According to the interview partners, there are drawbacks. Many would prefer to see more initiative and participation of their staff and more creativity and entrepreneurial spirit. In subsidiaries of foreign MNCs, hierarchical communication, that is, expecting orders top-down and working on tasks bottom-up towards one’s direct superior, is strongly pronounced. SMEs appear to have the advantage of flexibility. They can decide more easily on promotions case by case and face fewer difficulties in establishing a consensus within the firm. However, in response to the research question, which assumed that seniority plays a marginal role in promotion decisions in business today, we find no substantial evidence.

Reflecting on these results along with the trend in the literature stating that individual performance has increasingly been replacing seniority systems during the last decades, the questions arise of how firms are trying to change the current culture to an individual performance-oriented one and whether they are being successful in doing so.

**RQ3: Does performance orientation instead of seniority prevail today?**

Several firms confirm that they have formal performance evaluation systems in place but that their effectiveness is questionable. Consequently, they rely more on informal procedures. However, our data suggest two different approaches. One approach relies predominately on seniority, that is, on fairly automatic promotion based on age. The other approach relies on seniority but has performance measurement systems in place at the same time, and, given that the targets are met, promotion can take place earlier than usual, as one interview partner explains:

> We have KPIs [key performance indicators] in place and set annual goals for staff. Promotions are in general decided based on meeting these targets. But seniority matters too. Staff usually proceed to the next job level after 4–5 years; that’s an informal rule. However, if performance is excellent, promotion can take place after 2–3 years. [#42, expat]
On the contrary, other firms identify staff members who are performing above average in an informal way and promote candidates after they have reached a certain level of seniority. These firms stick strictly to the traditional promotion approach, as one manager states:

Employees expect promotion based on seniority. Age plays a crucial role in promotion decisions. Performance is not that important. People just try to make no mistakes. If a younger employee performs extraordinarily, he is considered a good employee who should be supported eventually when his time has come but not before a senior whose performance is average. [#6, expat]

Several (foreign) managers have had to revise their opinion about good performance in a different cultural context. In the West conventional high achievers usually possess a high degree of assertiveness, are decisive, have leadership competence, and so on. In Korea interpersonal skills and loyalty are much more important. Because international best practices often underlie the conventional Western ideas of high-achiever characteristics (i.e. assertiveness and decisiveness, as mentioned), almost all the interview partners report problems during the implementation of individual performance evaluation systems. The challenges are manifold, ranging from misalignment with local management ideals to staff unease or bypassing the intention of an individual evaluation (e.g. all group members receive the same positive evaluation).

The HR manager of one of the largest Korean chaebols reports on the problems to be solved with best-practice evaluation systems until they work effectively:

We just implemented 360 degree reviews, but these will need some time before they fully work. Usually junior staff are hesitant to criticize senior staff. [#37, HNC]

An HR manager with experience working in a chaebol before joining a large American MNC relates how individual performance evaluations are implemented. Though individual performance evaluations are performed next to seniority, the latter is still the main criterion for promotion. The way in which it is applied focuses rather on the group than on the individual:

The big Korean companies have the seniority systems still in place, but seniority is not the only criterion for promotion anymore. They experiment with other systems, like performance reviews. They do this every year, but the result is the same each year. Either everybody in the team performed well or they did not. If only one would perform either very well or very
poorly compared with the others, it would be regarded as unfair. We can’t ignore the age in Korea, so currently it is a mix of seniority and a Korean form of performance review. [#21, HNC]

Another manager, a Korean native and a director of a large European MNC, reports on a recent change in company policy that disregarded seniority-based promotion. Traditionally, Korean employees consider not being promoted based on seniority as an indirect call to leave the company, which, however, may on no account always be the intention of the firm. However, next to yongo, he points out another impactful informal institution in Korean HRM, which is known as jul or lines of loyalty towards a direct superior. It is observed that, once a superior is promoted, members of the jul line move up in the corporate hierarchy as well. Hence, next to seniority, jul, or the informal relationship that one establishes with one’s superior, is important. He explains:

We used to promote based on seniority, but recently there are many issues with our HR department. They don’t want to promote based on age anymore. For senior Korean employees it means, if not promoted, they should leave the company. It is a big issue currently. However, firm internal yongo still works; if people have certain jul [Korean for ‘line’] in big Korean firms, they may get promoted once their senior they are loyal to gets promoted too. You cannot regard seniority alone. It plays a role but not so strong anymore, but you need to consider internal and external yongo and jul lines and since recently performance. [#30, HNC]

The latter example especially testifies that implementing best-practice systems in a foreign environment can be critical if distinctive environmental characteristics are ignored. As a result, best-practice systems can become ineffective or may fail.

In sum we observe an interest among firms in implementing individual performance-oriented evaluation systems, but it appears that those systems are often not fully effective yet. At times they are creatively modified to fit the prevailing cultural norms, for example by evaluating the group uniformly to maintain group harmony instead of the individual in the frame of an individual performance evaluation. Based on the interviews that we conducted, we do not see seniority as marginal and performance orientation as prevailing. The introduction of individual performance systems seems to exist formally in several firms, but it appears to be more in an
experimentation or possibly an adjustment phase. Seniority still plays a dominant role. Moreover, we discovered *yongo* and *jul* to be important informal dimensions in connection to seniority and promotion. However, neither construct is so far fully understood by the HRM literature, despite both appearing to be important cultural context factors of influence determining the effectiveness of individual performance evaluation systems.

Overall, though we find indications that strict adherence to seniority-based norms is increasingly being questioned, seniority is still a dominant and important factor. Ignoring seniority in the evaluation of an individual’s performance is not in tune with the standards of the cultural environment in Korea. Either formally or informally, MNCs have systems in place that prompt promotion after a certain number of years in one position. Though performance evaluation systems may serve to justify earlier promotion, it is unclear whether they are effective and moderate individuals’ behavior in the desired direction. This analysis tends to support individual performance systems as currently undergoing an ‘experimentation phase’ in search of a suitable system that fits the cultural environment. Seniority is still pronounced and complemented by the so far largely disregarded factors *yongo* and *jul*. We assume that this trilogy has far more influence on promotion and career progression than individual performance systems.

SMEs in general appear not to follow HR trends as keenly as MNCs. As we observed, SMEs, due to their smaller size, often have the advantage of a better feeling regarding the strengths and weaknesses of their staff and are able to establish suitable team constellations more efficiently in terms of fit by age, personality, and skills. However, again, this is achieved by taking seniority and team harmony *explicitly* into account. This seems not to have changed much since the 1990s (for a comparison between small and large firms, see Bae, 1997). SMEs seem to consider the right team constellation and team harmony preconditions for group performance. It is likely that SMEs, due to their size, face fewer difficulties per se in controlling the HR environment more efficiently. However, their approach of focusing on the team constellation and team harmony can offer inspiration to MNCs also to create incentive systems that work effectively instead of experimenting with costly approaches that do not fit the cultural environment and confuse and frustrate employees.
With reference to MNCs, we observe that seniority must still be taken into account and that individual performance evaluation systems do not function fully, as they are incompatible with the prevailing cultural values of the environment. This tension represents a classic case of coercive isomorphism, as outlined at the outset. As we observe the prevailing norms leading to employees intending to quit their job as a consequence of not being promoted based on seniority, the ongoing experimentation with best practice systems can be regarded as a state of dysfunctional hybridization of the HR system. We summarize the results in Table 3.

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INSERT TABLE 3 ABOUT HERE
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Discussion

Seniority, career progression, and individual performance orientation
The most surprising finding of this research is the fact that the influence of seniority is still strong in the areas that we investigated, contrary to the suggestion of the extant research and our expectation. The prediction of management scholars in the 1990s was that the influence of seniority would slowly decrease. Although seniority was seen as the key criterion for career advancement, several other factors were considered to play a role too, such as individual performance, ability, and a sense of team spirit or fit with the corporate culture. It was predicted that the role of seniority would decrease and that especially individual performance and ability would receive greater appreciation (e.g. Milliman, Kim, & Von Glinow, 1993; Von Glinow & Chung, 1989). Several scholars regarded a key change of the Korean HRM system as being the change from the traditional seniority-based system to a performance-based one (Bae, 1997; Bae & Rowley, 2001; Rowley & Bae, 2002). One would expect the role of seniority to have been replaced, but today, more than 20 years later, we observe that the influence of seniority has not disappeared. As a central value of Confucianism, seniority is one of the ‘key underpinnings of the “deep structure” of the system’ (Rowley & Bae, 2002, p. 537) of human resource
management in Korea. It appears that variables of the deep structure of an HR system influence the adjustment level and transformation speed of HR systems (comp. Rowley & Benson, 2002).

Further, and related to the latter, our interviews regarding seniority discovered the influence of *yongo* and *jul* on promotion decisions and career progression. So far, little is known about *yongo* (comp. Horak, 2014; Horak & Taube, 2016) and less about *jul*, either as an indigenous concept or in connection with seniority. As HRM systems are embedded in a society’s value and norm systems, a more detailed understanding of the informal institutional environment of HRM systems is needed to design effective performance evaluation systems that suit the environment (Paauwe & Boselie, 2003). Regarding individual performance evaluation systems, to the best of our knowledge, this research is likely to be the first to propose a view on seniority that takes related (social) context variables into account. Considering for example the common practice of evaluating a group uniformly instead of performing an individual performance evaluation, while this approach may be explained by Korea being a collectivistic and group-oriented culture, as conventionally tagged, it may ignore the facets that are important to the effective design of locally suitable evaluation systems. Important questions to be answered in this context, which extend beyond the ‘collectivism’ paradigm, are, for instance: ‘How do existing *jul* lines and *yongo* ties within a group impair an impartial individual performance evaluation?’ and ‘How does an objective individual performance evaluation influence the group harmony within an age-heterogeneous group?’ Within a seniority-based paternalistic system, these questions are important and should no longer be hidden behind the generic terms ‘collectivism’ and ‘group culture.’

Finally, since selected (Western) best-practice examples hardly work effectively in the Korean context (comp. Glover & Wilkinson, 2007), indigenous performance evaluation systems should be created that are better suited to the cultural environment. To achieve these, more knowledge is needed about the cultural context rather than solely regarding seniority as an autonomous variable. Important and influential indigenous variables of the institutional environment, such as *jul, yongo*, or *jeong* exchange, which is defined as an ‘emotional support mechanism based on informal social ties’ (Yang, 2006, p. 283), need to be understood better to enable HRM systems to work effectively.
**Persistence of informal institutions**

From a theoretical perspective, the institutionalists’ view predicts that informal institutions are likely to disappear with further economic development and an increase in the effectiveness of formal institutions (Peng et al., 2008). Our results do not support these predictions. They rather strengthen the arguments of the camp of scholars who believe that informal institutions persist or adjust dynamically to a changing environment but do not completely disappear. Seniority in Korea is a central cultural element of a Confucian-rooted value system that appreciates (quasi-) family ideals and hierarchy, loyalty, and discipline, among others. As culture is a rather rigid construct that does not change fast (Hofstede, 2007), we assume that the influence of seniority will continue to play an important role in the Korean HRM system. Hence, the results of this study strengthen the arguments of the ‘culturalist’ camp of scholars.

In line with the conventional ideas of the culturalists, further attempts to provide an explanation are evident in other disciplines. Comaroff and Comaroff (2000) adopt an anthropological point of view to explain the co-existence of Western best-practice HRM systems and the persistence of cultural institutions in a certain region. Their approach has much in common with the hybridization phenomenon of management systems. Management systems are usually expected either to converge or to diverge globally as a whole, thereby disregarding the vast complexities that globalism includes. Conversely, it should be seen as ‘a vast ensemble of dialectical processes’ (Comaroff & Comaroff, 2000, p. 305). Depending on the time and circumstances, some aspects of management systems in industrial societies may converge, whereas others may diverge. However, they do not inevitably lead to homogenization, as local cultural forces reshape, resist, and redeploy them (Brewster, 2006; Brewster, Wood, & Brookes, 2014; Brookes, Brewster, & Wood, 2005). The dialectic process view has the advantage of integrating perceived paradoxes that may not be allocated clearly to the convergence, divergence, or hybridization category. The dialectic process view may accommodate better the contradictions that we observe in our data, for instance when younger managers tend to be in favor of disregarding seniority in promotion decisions. While this particular aspect may be interpreted as being in line with Western values, it does not contradict the overall dominance of seniority as a
cultural norm.

Limitations
The results of this research are affected by certain limitations. First, we worked with a sample size that limits generalizations. The sample needs to be regarded as a convenience sample, and the results should be treated as indications sourced in the first place from MNCs’ subsidiaries in Korea. The majority share of the sample consists of HNC managers and of around 40 percent of representatives of European origin. We tagged the views of the latter group as representing very generally a ‘Western’ view while being aware of the impreciseness of this approach. Nevertheless, the views of the two groups together helped to paint a more balanced picture. Further, though we tried to generate a heterogeneous subject pool, representatives from other East Asian countries could not be recruited for interviews. They would have been an interesting addition, as for example Japan has experienced a comparable period of transformation in its HRM systems (Pudelko, 2006; Zhu et al., 2007). Future studies may consider an enlarged subject pool by including subjects from other East Asian countries.

Implications for practice
The results of each of the three research questions may be used to improve management practice. In the following we build on the local best practices that we discovered in the field, that is, the approaches that firms in Korea apply successfully.

Seniority in general (RQ1): We advise firms not to ignore seniority but rather to focus and build on its positive aspects, as it is an integral feature of the cultural context. For instance, taking the representative quotes above, which state that ‘in Korea, it is believed that if the most senior manager does not join in [a meeting], it can’t be important,’ and ‘our customers don’t conclude agreements with any lower-ranked managers. Without a certain age and hierarchical level, nothing moves here’ [#7, expat], we can extrapolate that seniority can help in maintaining the existing business and acquiring new projects. Due to the social status that comes with seniority in Korea, business partners connect it with positive characteristics, such as commitment, earnestness, experience, and trust. We assume that these characteristics can positively influence decisions that affect the future business relationship in terms of its intensity.
and further mutual projects when a senior is the pivotal person in a business relationship between two firms. Further, as ‘Koreans tend to define social ties based on age differentials’ and this ‘distinction comes with certain behavioral norms and responsibilities and also obligations for both, like in a family’ [#9, expat], we assume that seniors can be helpful as agents to mediate conflicts either internally to the firm or with existing customers. As we described at the outset, an age-based social hierarchy is seen in Korea as something natural. In a family-like sense, it is a senior’s task to ensure harmonious relations among the juniors, and it is a junior’s task to obey and support the senior in his efforts. Since a high degree of social authority is attached to seniority, we assume that the mediation of conflicts is likely to be more effective if it is in the hands of a senior.

Promotion (RQ2) and performance (RQ3): Firms need to be very cautious when deciding on promotions based on individual performance evaluation systems that may not show a fit with the respective cultural environment. We see potential for cost savings through efficiency gains when designing innovative indigenous performance evaluation systems instead of carrying over systems developed in a Western context that may not suit a Confucian environment. Implementing Western systems would increase the risk of failure, and a considerable amount of time and resources may be required to correct the misfit. Correction activities require additional time (i.e. cost) that could have been invested in other value-creating HR activities. Moreover, they may lead to confusion and frustration on the side of the employees, hence spurring unintended fluctuation. We do not see the feasibility of converting a seniority-based HRM system into a purely individual performance-oriented one. SME approaches that rely on a people-centered case-by-case approach can serve as a source of inspiration. We suggest considering high performance as a result of an optimal team composition rather than as a result of individual achievement alone.

Conclusion
In this study we reassessed the influence of seniority on HRM systems in Korea by focusing on its influence on career progression and performance. Contrary to the assumption that seniority plays a marginal role today, we found seniority still to be pronounced and important in Korean HRM, although it is more frequently questioned today and is tending to soften (comp. Kim, Bae,
Further, seniority still plays a dominant role in promotion decisions. However, by trying international best practices, firms are experimenting with individual performance evaluation systems at the same time as having the seniority system still in place. As coercive isomorphism takes effect (Brewster et al., 2008), international best practices appear to be less effective, as they are often not adjusted to the prevailing societal values.

In sum, as we do not foresee the seniority system receding any time soon, our results confirm the culturalist view on institutional dynamics. Further, as experimentation with best-practice HRM systems triggers social conflict at times, dysfunctional hybridization is a trend of HRM system development in subsidiaries of MNCs. We recommend studying the informal institutions affecting promotion, individual performance orientation, and career progression, such as yongo (Horak, 2014; Horak & Taube, 2016) and jul, in greater depth to design effective local performance evaluation systems that fit the environment. Firms may shift to understanding performance as an outcome of an optimal group constellation and team harmony rather than trying to propagate evaluation systems that solely value individual performance and achievements.

Endnotes

1. *Chaebol* is a Korean term for a family-owned business conglomerate. Well-known *chaebols* are for instance Hyundai, Samsung, and LG. Usually a *chaebol* has four typical characteristics. First, the ties between a *chaebol* and the government are tight, and the *chaebol* acts as a state agent by supporting the economic policies. Second, a *chaebol* is typically active in several industries and is structure-wise vertically and horizontally integrated. Third, a *chaebol* is managed by the founders’ family members. Fourth, a *chaebol* is centrally administered by a so-called ‘Group Planning Office’ (comp. Kwon & O’Donnell, 2001).

2. We would like to point out that one might assume proximity between *jul* in HRM and *yonjul* in general (Horak, 2014). *Yonjul* is described as purposed-based per se, and the purposes usually serve to achieve dubious ends. Further, ‘*Yonjul* blurs the border between legality and illegality and is often associated with illegal transactions’ (Horak, 2014, p.
On the contrary, in this study we characterize *jul* as lines of loyalty towards a direct superior. Loyalty within hierarchical relationships is the key to our definition of *jul*, and it is rewarded at a later point in time. As we do not regard the latter mechanism as unethical per se but *yonjul* is definitely regarded an unethical practice by the Korean society, we do not assume that the two terms describe exactly the same construct. However, as both stand for informal bonds between individuals, it would be a valuable and important task for future studies to shed more light on systematic categorization and the possible interrelationships of these indigenous constructs.

3. The ‘deep structure’ of an HR system is defined as a ‘network of fundamental assumptions and principles underlying the basic configuration’ (Rowley & Bae, 2002, p. 526).

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Marketing Management, 36(8), 1118–1129.


Tables and Figures

Figure 1: Overview of the interview partners

<table>
<thead>
<tr>
<th>Position (level)</th>
<th>Headquarters origin</th>
<th>Interviewee origin</th>
<th>Firm size*</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Manager [3]</td>
<td>Switzerland [1]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager [12]</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N = 44

Note: * Small and medium-sized enterprises (SMEs): ≤ 300 employees, multinational corporations (MNCs): ≥ 301 employees, substantial operations, and facilities in several countries.
Table 1: Preconceptualizations and codes (example RQ1)

<table>
<thead>
<tr>
<th>Theoretical preconceptualizations (interview instrument)</th>
<th>Codes</th>
<th>Second-order themes</th>
<th>First-order themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall influence of seniority.</td>
<td>• Tight social norms</td>
<td>• Strong societal pressure for informal norm compliance</td>
<td>• Pronounced loyalty relationships between junior and senior</td>
</tr>
<tr>
<td>For example Bae (1997); Chang (2006, 2011); Dastmalchian et al. (2000); Lee and Kim (2006); Maheswaran and Shavitt (2000); Milliman et al. (1993); Rowley and Bae (2002); Shim et al. (2008); Tung et al. (2013); Yang (2014); Yang and Rowley (2008)</td>
<td>• Social pressure to comply with rules</td>
<td>• Natural inequalities based on demographics</td>
<td>• Pronounced age-based hierarchies in business; top-down command-serve relationships</td>
</tr>
<tr>
<td></td>
<td>• Young serve older people, older people care for the young</td>
<td>• ‘Follow the leader’ at all costs</td>
<td>• Need for creativity and innovativeness</td>
</tr>
<tr>
<td></td>
<td>• Respect for older people</td>
<td>• Clear command structure</td>
<td>• Desire for reward for merit and performance</td>
</tr>
<tr>
<td></td>
<td>• Natural age-based hierarchy</td>
<td>• Staying true to social ties</td>
<td>• Growing trend for individual freedom and independence</td>
</tr>
<tr>
<td></td>
<td>• Sentimental relationship focus</td>
<td>• ‘Follow the leader’ at all costs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• ‘Follow the leader’ at all costs</td>
<td>• Clear command structure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Clear command structure</td>
<td>• Serving older people</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Reading between the lines/understanding social rules</td>
<td>• Top-down orders</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Hierarchical language</td>
<td>• Reading between the lines/understanding social rules</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Family-like relations in business</td>
<td>• Hierarchical language</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Paternalism</td>
<td>• Family-like relations in business</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Seniority-driven behavioral norms</td>
<td>• Paternalism</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Age-driven behavioral expectations and rules</td>
<td>• Seniority-driven behavioral norms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Barriers between groups based on demographics</td>
<td>• Age-driven behavioral expectations and rules</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Clear understanding about the group to which one belongs</td>
<td>• Barriers between groups based on demographics</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Inequalities/differences between people</td>
<td>• Clear understanding about the group to which one belongs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• In-group/out-group norms</td>
<td>• Inequalities/differences between people</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Senior always pays for dinner and/or drinks</td>
<td>• In-group/out-group norms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The most senior makes the final decision</td>
<td>• Senior always pays for dinner and/or drinks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Seniority should go hand in hand with hierarchical position</td>
<td>• The most senior makes the final decision</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Seniors possess important informal ties</td>
<td>• Seniority should go hand in hand with hierarchical position</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Strong informal ties/the older, the stronger</td>
<td>• Seniors possess important informal ties</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• High school/university ties are most influential in business</td>
<td>• Strong informal ties/the older, the stronger</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Without informal ties nothing happens</td>
<td>• High school/university ties are most influential in business</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Without informal ties nothing happens</td>
<td></td>
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</tbody>
</table>
Table 2: Perceptions of the influence of seniority – Korean and foreign views

<table>
<thead>
<tr>
<th>Is seniority in business still influential?</th>
<th>Korean views (HCNs)</th>
<th>Foreign views (Expats)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>These days even younger employees can be promoted I heard. In our company it is still pretty much based on seniority, but we plan to change that. We think Korean companies, to continue to be successful, have to be more performance based [#18].</td>
<td>Seniority is important in each social relationship. Especially when you know someone from university or from your hometown or someone with whom you served in the military, it is important who is the elder. That is actually the first thing that is asked for, because it determines the social role. If a senior asks a junior for a favor, the junior will not say no, just to name one example of the morals that are involved in these relationships [#11].</td>
</tr>
<tr>
<td></td>
<td>In former times a senior was some kind of a father figure to a junior, but that is changing these days. Younger employees these days demand competence from their superiors and they want to have more responsibilities [#30].</td>
<td>Seniority has a high influence on human interactions in Korea. I would say it is the most important factor [#3].</td>
</tr>
<tr>
<td></td>
<td>Seniority means a lot to employees. We consider ourselves an international company and we have recently promoted someone who was just two or three years younger than someone else in the department. For the senior this decision was hard to accept [#42].</td>
<td></td>
</tr>
</tbody>
</table>
Figure 2: Seniority in business in Korea: Forces of perseverance – Drivers of change

<table>
<thead>
<tr>
<th>Forces of perseverance</th>
<th>Drivers of change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confucian ethics</td>
<td>Need for creativity and technical competence</td>
</tr>
<tr>
<td>Social role</td>
<td>International competitiveness</td>
</tr>
<tr>
<td>Social privileges</td>
<td>Appealing best-practice approaches of foreign firms</td>
</tr>
<tr>
<td>Relationship determinant</td>
<td>Perceived HRM trends</td>
</tr>
<tr>
<td>Behavioral norms</td>
<td>Accumulated international experience of the chaebols</td>
</tr>
<tr>
<td>Hierarchy implication</td>
<td>Courage to experiment with something new</td>
</tr>
<tr>
<td>Authority assumption</td>
<td>Popularity among younger staff</td>
</tr>
<tr>
<td>Widespread custom</td>
<td>Desire for faster career advancement</td>
</tr>
<tr>
<td>Societal expectation</td>
<td></td>
</tr>
<tr>
<td>Primary source of respect</td>
<td></td>
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</tbody>
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Seniority in business in Korea
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<th>RQx</th>
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| 1   | Overall influence of seniority | Does seniority still have an influence in business in Korea today? | ▪ Relatively strong still but increasingly scrutinized, though not replaced  
▪ Adherence to seniority orientation may be determined by firm size, industry, or level of internationalization | ▪ Strong variance in perception: some regard seniority orientation as continuously strong, others as merely marginal  
▪ Formal performance-enhancing systems brought into place to complement seniority orientation, but their effectiveness is doubtful |
| 2   | Seniority and career progression | What role does seniority play in career progression in Korea today? | ▪ Overall, employees strongly expect promotion based on seniority (and loyalty) in the first place | - |
| 3   | Seniority versus performance orientation | Does performance orientation instead of seniority prevail today? | ▪ A hybrid system appears to be in place in which the traditional seniority-based system is complemented by individual performance evaluation in a group context | ▪ Firms experiment with individual performance evaluation systems  
▪ Seniority is still the most accepted factor justifying promotion  
▪ Informal network ties (i.e. yongo and jul) play a central role in career progression  
▪ Overall, individual performance orientation is at best a secondary factor |