

Thecasesolution.com

Team members



Chen Yucong

Wang Ya

Mu Yibing

Li Lei

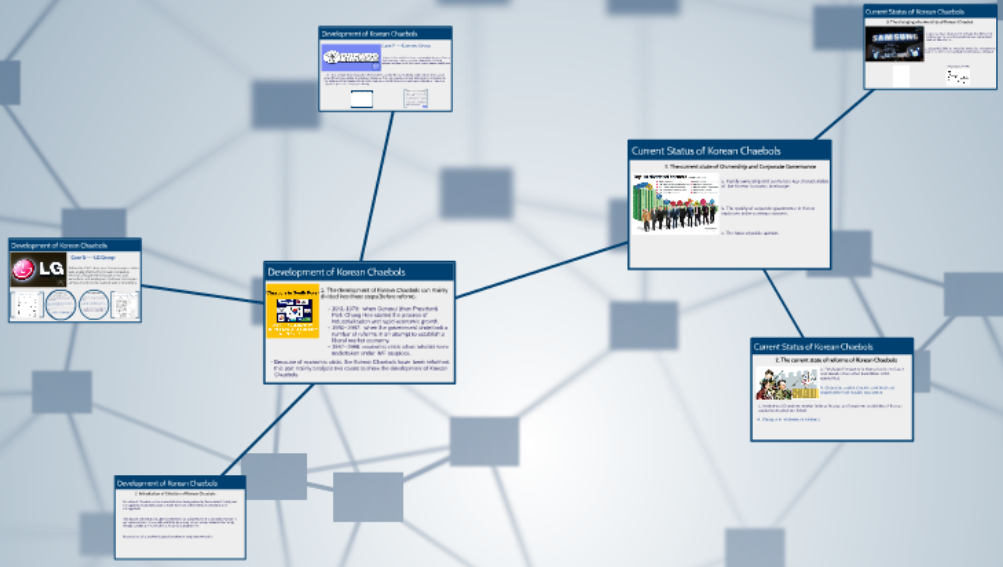


Zingerman's Community of Businesses: Broad-Based Ownership, Governance, & Sustainability



Conclusion

1. The Chaebol system has been particularly effective in generating economic development in the form of economic growth that preserves similarities (and differences) with its East Asian counterparts.
2. The Chaebol have been a major source of structural inertia, which the Korean state, formerly very powerful, has been unable or unwilling to overcome to effect institutional changes expected by labour and the general public.
3. Corporate governance continues to be among the weakest in Asia, with so-called 'owner' families retaining control over the Chaebol despite low levels of overall shareholdings.
4. Developments over the past 18 years seems to have pushed the system somewhat closer toward the Anglo-Saxon LME model, though as we have seen actual practice is far from what one would expect of an LME.



Zingerman's Community of Businesses: Broad-Based Ownership, Governance, & Sustainability



Outlines	
• Background of Korean Chaebols	
• Development of Korean Chaebols	
• Current Status of Korean Chaebols	
• Conclusion	

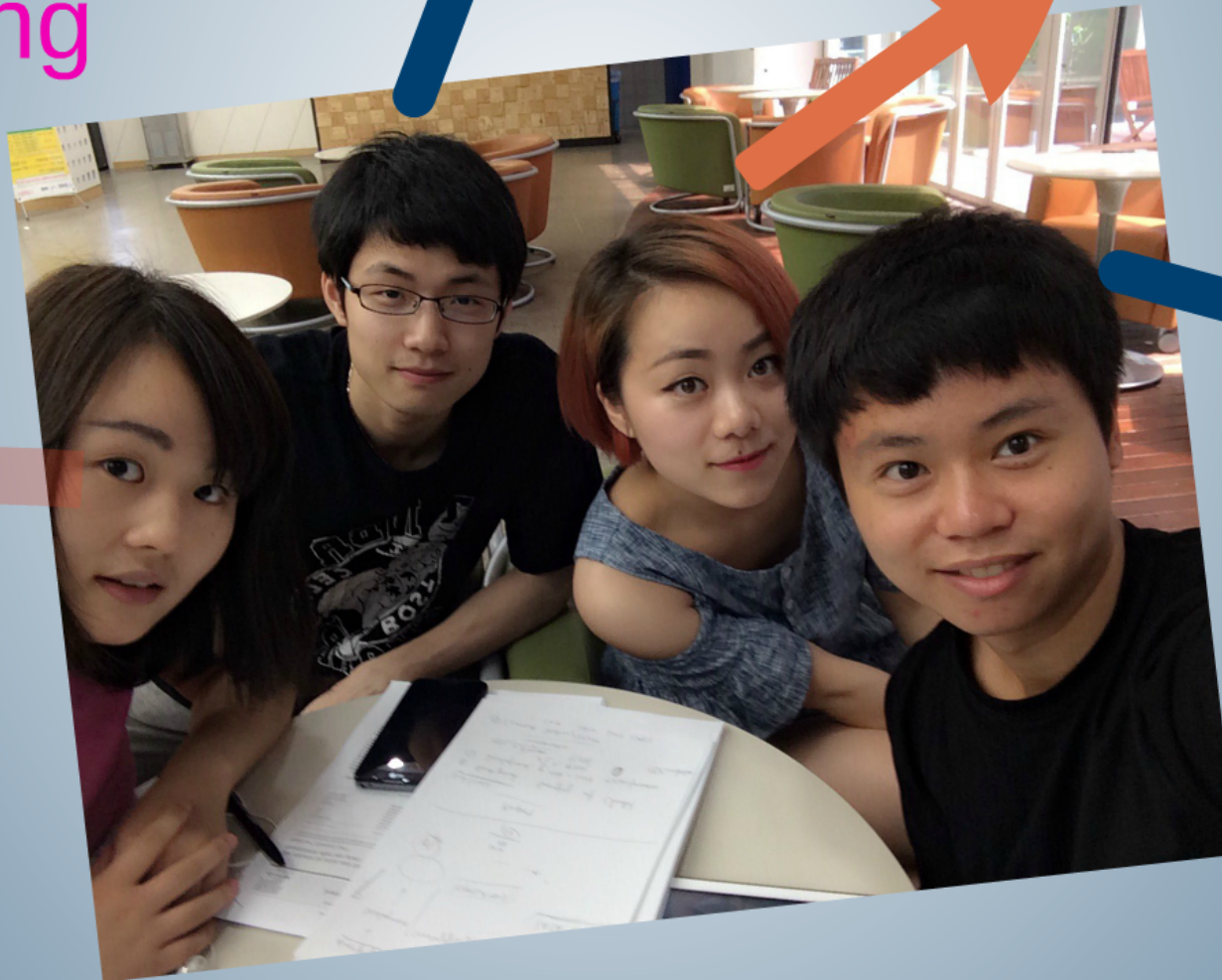
Team members



Chen Yucong

Wang Ya

Mu Yibing



Li Lei

What is Chaebol and how to define it?



You Tube

Outlines

- Background of Korean Chaebol
- Development of Korean Chaebol
- Current Status of Korean Chaebol
- Conclusion

Background of Korean Chaebol

1. Introduction of Korean Chaebol



- A large business group is usually considered as a Chaebol in Korea.
- The Korea Fair Trade Commission (KFTC) defines a business group as "a group of companies more than 30% of whose shares are owned by the group's controlling shareholder and its affiliated companies."
- Each year the KFTC ranks business groups in terms of the size of their total assets and identifies the 30 largest business groups (hereafter called the "Top 30").
- The economic power that the Top 30 wield in the Korean economy is much greater than that of other chaebols or independent firms.



Background of Korean Chaebol

1. Introduction of Korean Chaebol



- A large business group is usually considered as a Chaebol in Korea.
- The Korea Fair Trade Commission (KFTC) defines a business group as “a group of companies more than 30% of whose shares are owned by the group’s controlling shareholder and its affiliated companies.”
- Each year the KFTC ranks business groups in terms of the size of their total assets and identifies the 30 largest business groups (hereafter called the “Top 30”).
- The economic power that the Top 30 wield in the Korean economy is much greater than that of other chaebols or independent firms.

Rank	Chaebol	Total Assets (Billion KRW)
1	Samsung Group	1,000,000
2	Hyundai Group	400,000
3	SK Group	300,000
4	LG Group	250,000
5	Daewoo Group	200,000



2. Emerging of Korean Chaebols



- South Korea's economy was small and predominantly agricultural well into the mid-20th century.
- Government industrial policy set the direction of new investment, and the chaebol were to be guaranteed loans from the banking sector.
- The chaebol were heavily invested in export-oriented manufacturing, neglecting the domestic market, and exposing the economy to any downturns in overseas markets.
- The characteristics groups of firms and presents some important statistics as of 1997.

Korean Chaebols

Top 10 Chaebol's Market Capitalization

(Unit: trillion won, %)



	Aug. 29, 2008	June 12, 2009	Change
LG	52.47	62.34	18.81
SAMSUNG	129.20	144.98	12.21
HYUNDAI	37.29	40.89	9.68
SK	39.17	40.79	4.14
GS	7.52	7.58	0.8
LOTTE	15.54	14.95	-3.76
POSCO	41.95	38.66	-7.86
KUMHO ASIANA	10.53	9.26	-12.08
HYUNDAI HEAVY INDUSTRIES CO., LTD.	21.36	18.52	-13.31
HANJIN	5.85	4.85	-17.13

Background of Korean Chaebol

1. Introduction of Korean Chaebol



- A large business group is usually considered as a Chaebol in Korea.
- The Korea Fair Trade Commission (KFTC) defines a business group as “a group of companies more than 30% of whose shares are owned by the group’s controlling shareholder and its affiliated companies.”
- Each year the KFTC ranks business groups in terms of the size of their total assets and identifies the 30 largest business groups (hereafter called the “Top 30”).
- The economic power that the Top 30 wield in the Korean economy is much greater than that of other chaebols or independent firms.

Rank	Chaebol	Assets (Billion KRW)
1	Samsung	1,000,000
2	Hyundai	800,000
3	SK	600,000
4	LG	500,000
5	Daewoo	400,000
6	Posco	300,000
7	Hyundai Motor	250,000
8	Hyundai Heavy	200,000
9	Hyundai Engineering	150,000
10	Hyundai Construction	100,000



2. Emerging of Korean Chaebols



- South Korea's economy was small and predominantly agricultural well into the mid-20th century.
- Government industrial policy set the direction of new investment, and the chaebol were to be guaranteed loans from the banking sector.
- The chaebol were heavily invested in export-oriented manufacturing, neglecting the domestic market, and exposing the economy to any downturns in overseas markets.
- The characteristics groups of firms and presents some important statistics as of 1997.