

# Korean chaebols and ge management strategies

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GE AND CHAEBOLS Comparison of management strategies between Korean chaebols and GE To begin with, Korean chaebols are distinguished by family ownership management. In this case, the position is highly protected through cross-shareholding and aggressive diversification. On the contrary, GE has demonstrated features of a publicly held conglomerate. In this case, there has been a physical shift from technology to services.

Chaebol families are the major shareholders of Korean chaebols. Further, they are in the top management of the companies. On the contrary, there is no specific group that is dominant within GE. According to “management by objectives” by Peter Drucker, promotion in the chaebols is not possible as the top management is reserved for the autocrat. Conversely, promotion at GE is earned through spectacular and outstanding performance.

According to the “GE McKinsey Matrix” appearing in the “Bloomberg”, GE is owned by external shareholders and hence it is forced to vary its factors so as to maximize profitability. To achieve profit maximization, GE can only make viable investment, considering the most attractive venture that will yield returns for the shareholders. As such, some of the decision can be challenged by the management board. This is not true for the Chaebol as they are the absolute owners of the venture. They are under no duress to perform, or their decision cannot be disputed by other parties. In this case, the mostly seek to stabilize the profitability over its maximization.

Lastly, the decision-making at GE is slow since the system is highly decentralized. In addition, GE has immediate interference as they are only cushioned by shareholders. On the other hand, the chaebol have powerful politicians who guarantee its financial risk. Furthermore, the highly

centralized system makes the decision-making the process very first.

#### REFERENCE

“ Bloomberg BusinessWeek” August 2014