

# Daewoo shipbuilding and marine engineering

[Business](#)



Daewoo Shipbuilding and Marine Engineering A) Evidence showing that DAEWOO has financial/business problems. The first major business crisis in the development of Daewoo occurred in the year 1987 whereby the shipbuilding in the shipyard was almost terminated. This was attributed to the formation of a super-strong and aggressive labor union which in turn resulted to unfriendly labor-management confrontation. (Upton and Kim 2009, p. 1)

The second financial crisis evidence for Daewoo occurred in the year 1997 whereby the Korean economy was mercilessly swept following the Thailand credit crunch. This is where the Daewoo had to be under IMF control and was severely hit by the IMF crisis following its weak financial structure. (Upton and Kim 2009, p. 1)

Further, Daewoo faced stiff competition from other organizations offering the same services particularly the Japanese competitors. Lee Byungmo affirms that they had to benchmark Japanese competitors as they sought to learn their skills hence revealing that they faced a business problem in relation to competition. (Upton and Kim 2009, p. 4)

Moreover, Daewoo faced a business problem in relation to space for operation. Lee says that there was no more space left for the growing size of ships being built and they were therefore forced to move them to the sea for completion or additional operations (Upton and Kim 2009, p. 4)

B) Solving the problems of DAEWOO discussed above.

In solving the 1987 problems mention earlier, Daewoo had to face and act upon new challenges including globalization, countering the fiercer Chinese competition, and dealing with impending modification in the governance structure.

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In countering the late 1990s crisis, Daewoo developed a sense of urgency which created union between the management and labor of the organization. They had to work persistently to overcome the problems and improve on operations, both infrastructural and structural, in terms of capital equipment.

In countering the competition problem, Daewoo had to borrow and learn the skills and concepts of their business competitors. For instance, Lee Byungmo confirms in the case study that they had to benchmark Japanese competitors and apply their operation skill such as “ just-in-time and lean production.”

In countering the space problem mentioned earlier, Daewoo had to construct more dry docks and at times carry out the final operations of ship building in the sea. They also had to create special divisions for the different categories of ships such as heavy floating zone. This specialization helped improve utilization and the output rate of various docks.

Work cited

Upton David and Kim Bowon. Daewoo Shipbuilding and Marine Engineering. London: Harvard business school, (2009) Print.