

IMPACT OF PUBLIC OPINION ON BUSINESS STRATEGY

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The Public Begins to Flex Its Muscle

Not in the far distant past when Korea was struggling out of the rubbles of colonization and war, the needs and rights of individuals were more often than not sacrificed in the name of national, especially, economic, development. As the economic situation improved, however, the societal landscape changed considerably since the late 1980s; along the course of civil movement, social organizations that stood for the citizens' rights and interests evolved. At present, many civic groups have formed, defending various causes for the minorities. Also called non-governmental organizations (NGOs), these bodies were evangelists of democracy and defenders of the right to happiness, conscientiously laying the foundation of democratic capitalism. For example, the CCEJ (Citizens' Coalition for

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Economic Justice) fought zealously to uproot corruption in both politics and the economy. Through tenacious lobbying efforts, they have affected the implementation of the real-name transaction system and other

measures to accomplish the advancement of the Korean economy.

Since the IMF bailout program began in December 1997, the government policies aimed at restructuring financial and corporate sectors to overcome difficulties and to improve the efficiency of financial markets and corporate management. Among a number of measures led by the government, one of the major goals is to improve managerial transparency through changing corporate governance and enforcing strict outside control. In particular, the government set up a special committee for improving the corporate governance early this year. Under these circumstances which increased the weight of public participation, the role of NGOs was able to become stronger.

One good example is the independent non-executive director system of big companies. Last year, SK Telecom Corporation named a non-executive director who was recommended by Korean Federation for Environment Movement, a leading NGO. The non-executive director has made efforts to reflect diverse public opinions in business and monitor executive management. More Korean companies are expected to turn to this kind of system through various channels in the future.

Another example can be spotted easily in recent days. Early last June, one large business group announced that it would drop the "big deal" process with another group and instead liquidate its troubled affiliates. Initially, the chairman of that group promised that he would clean up the companies' debts using his

own personal assets. At first, this seemed to be a good proposal since an owner expressed his intentions to take responsibilities for any mismanagement. Until recently, Korea had no such precedent in its business history. At this point, severe public criticism was lashed out on the chairperson's reversal and the government, raising many doubtful eyebrows that some conglomerate. Eventually, respecting the public opinion formed by various civil groups, the government and companies involved came to suggest a modified proposal.

These examples will mark themselves as a turning point where public opinions materialized by several civic organizations are beginning to affect the directions of economic policy and business strategy.

Civic Groups as Strong Economic Entities in Korean Society

With the advent of democratic government in Korea, the number of civic groups increased rapidly and their influence on business strategy and government policy has become more notable than ever. This is nothing new in advanced countries. Throughout the world, many NGOs are acting in such areas as environment, human rights, political justice, labor relations and customer protection. Some organizations are already based on international networks.

Similar to NGOs of other countries, many Korean civic groups organize public opinions at the grass-roots level, covering all social strata from a day laborer to a professional. In

Table 1. Types of Civic Organizations

Area	Name of the organizations	Established	Mission
Social Justice &	CCEJ	1989	Equal society establishment under economic justice
	Citizens Coalition for Economic Justice		
Human Rights	PSPD	1994	Promoting participatory democracy and human rights
	People Solidarity for Participatory Democracy		
	WCCM-International organization	1992	Research crimes against comfort women during WW II
	Washington Coalition for Comfort Women Issues		
Environment	Green Korea United	1991	Working to expand green consciousness and democratic principles nationwide
	KFEM	1993	Environment protection through educational, legal activities, and policy proposal
Labor	KCTU	1995	Social Movement for Democracy and labor rights
	Korean Confederation of Trade Unions		
	FKTU	1946	Construction democratic welfare society
	Federation of Korean Trade Unions		
Women	KWAU	1987	Unite the power of womens organization working for womens right and democracy
	Korea Womens Association United		

addition, they suggest reasonable, objective alternative solutions to the government and business community. As major pressure entities, civic groups play crucial roles as watchdog, monitoring fair business practices in capital, commodities and labor markets. Moreover, they can change the public's perception of business companies by collecting individual consumer's opinion and form one big voice.

According to government statistics, about 9,400 social organizations were known to be active as of June 1999, mostly devoted to the issues of human rights, women's rights, labor and environmental protection. One remarkable point is that from October 10 to 16,

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representatives from NGOs around the world will gather in Seoul to discuss the roles of NGOs in the twenty-first century, under the slogan of "Inspire, Empower, Act." The conference is designed to help open a new chapter in the NGO movement

in the future. The summary of major acting civic groups is as follows:

The Relationship between Public Opinion and Business Strategy in the Future

Unfortunately, civic activists groups often showed internal conflicts, due to lack of self-regulating mechanism and binding force. Members of the organizations complained about the unreasonable and inefficient management.. However, such internal conflicts can provide opportunities to reform and mature. The voices

of civic groups will be more influential and contribute substantially to realize a healthy democratic economy. The government also expressed its willingness to support these organizations because the private sector's activities keep the national equilibrium with the public sector's endeavors. In the future, NGOs will create more local and international networks to tackle globally-shared issues such as the environment, population, women's status and human rights.

Through the strategic perspectives developed above, a significant point can be drawn that corporate managements should make more efforts to take public opinions into consideration and to develop interaction with civic groups. Although relatively weaker than NGOs in advanced countries, Korean civic groups are gaining more power than the past. Korea companies now cannot put aside the public opinion if they wish to sustain their life in the market. Some examples from the past serve as valuable lessons for forming corporate strategy and public policy in a changing society. Moreover, in the 21st century, Korean companies will continue to pursue their globalization strategy in order to survive in the world market. In light of this, an important strategic stance would be to become a true "corporate citizen" in the world market and to cherish the values of the stakeholders as well as those of shareholders. Thus, companies will stand a better chance by reflecting the activities of civic organizations and incorporate the public opinion into their business operation. Starting from accommodating the needs of domestic consumers, Korean conglomerates can have a better footing in the competitive global market. VIP