

II. CHAIRMAN CHUNG 'S ACHIEVEMENTS

1. Chung Ju-yung as Manager

Management Philosophy

– Chairman Chung 's Management Philosophy was based on the Asan Spirit

- Chung Ju-yung 's Asan Spirit was forged during his struggle from poverty to become a world-class industrialist (Asan was Chairman Chung 's pen name).
- Based on traditional Korean values, Confucianism, and patriotism, the Asan Spirit emphasized diligence, frugality, boldness, and challenge.
- The Asan Spirit was the driving force behind the Hyundai Business Group 's reconstruction and development of the Korean economy.

– The Asan Spirit

Love of Country: Building a prosperous nation and society

- Chairman Chung was the prime mover in the nation-building and wealth creation of modern Korea.
- Chairman Chung stated that "Hyundai 's growth contributes to national welfare, and Hyundai will tackle any industry that contributes to economic development".
- Chairman Chung 's strong sense of national responsibility and common prosperity stemmed from his traditional family-oriented childhood.

Spirit of Challenge: Preparing for a developed future

- Chung Ju-yung relentlessly sought out new industries to contribute to economic development, and was undaunted by countless obstacles.
- Chairman Chung 's spirit of challenge created new opportunities and prosperity, and played a key role in Korea 's remarkable rise from a poor country to an OECD member.

Frugality and Honesty: "A rich laborer who loved workers"

- Despite the enormous wealth he earned, Chairman Chung always embodied down-to-earth diligence, frugality, and thrift, and did everything necessary to maintain trust and integrity in his work.

Leadership Style

– Trailblazer who relished adventure and challenge

- As a manager, Chairman Chung was a resolute man of action who loved new challenges and adventure.
- Expansion into overseas construction, shipbuilding, domestic auto manufacture, as well as the recent North Korea ventures were just a few realizations of Chung Ju-yung's vision in the face of overwhelming risk.

– Creative leader

- Not content to rest with his past achievements, Chairman Chung always strived for new ways to future prosperity.
- This leadership instilled a " can-do spirit " in Hyundai employees and formed the Hyundai Spirit, which consists of creative foresight, proactive will, and tenacious drive.

– Leadership Qualities

Creative Foresight

- Creative foresight indicates " a future oriented mindset that constantly strives for new approaches to fulfill the demands of customers and society ".
- The Hyundai Business Group never settled into a mold and was always one step ahead in reinventing itself for future changes.
- Hyundai displayed Korea 's industrial potential to the world by spearheading building projects in the Middle East as well as establishing itself in heavy and chemical industries such as autos and shipbuilding.

Active Will

- For the Hyundai Business Group, active will is described as " a sense of responsibility and proactive attitude in all situations ".
- Hyundai successfully accomplished tasks that were thought to be impossible.
- During the oil crisis, Hyundai helped Korea overcome the hardship by boldly going to the problem 's origin in the Middle East and earning petrodollars.

Tenacious Drive

- Tenacious drive is a spirit of " putting utmost effort into a goal with wisdom and a can-do attitude ".
- Based on a can-do spirit, tenacious drive allows Hyundai workers to boldly work together and fulfill their tasks in the face of tough obstacles.
- With the help of this attitude, the Hyundai Business Group incubated key industries and expanded into world markets. One example is the successful construction of a port in Saudi Arabia despite

considerable opposition and doubt from both home and abroad.

Strategic Business Mindset

– **Leading the market by expanding into new industries**

- Chairman Chung actively expanded into promising, high value-added industries.
- In the late 1940s, despite a lack of experience and capital, Chairman Chung entered the construction industry by founding Hyundai Engineering and Construction.
- During the 1960s and 1970s, the Hyundai Business Group was the first Korean company to expand into the auto and shipbuilding industries, despite high risk and immense investment requirements. The ventures became two of the country 's key industries.
- In the 1980s, Hyundai Electronics was formed to produce semiconductor components, a cutting-edge industry.

– **Active diversification supported by Group resources**

- One of Chairman Chung 's strategies was to use the human and capital resources gained from successful industries to enter into related industries.
- In the economic expansion of the 1960s and 1970s, Hyundai diversified into autos and auto components, and expanded into shipbuilding and ship repair after establishing a strong base in heavy industry and engine manufacture.
- After its entry into the semiconductor industry in the 1980s, Hyundai Electronics diversified into computers, telecommunications, and information technology.

– **Technological advance and exports through inter-industry synergy**

- The Hyundai Business Group skilfully used intra-group synergy to improve technology and find new business opportunities to create an advanced industrial base.
- Starting with construction, Hyundai branched out into auto parts, environmental protection and waste disposal. From its auto industry, the group went into rolling stock and components, and from its shipbuilding and heavy industry branch, Hyundai started to produce transformers, motors, and robots.
- Through aggressive market expansion overseas, Hyundai used the capital earned abroad to strengthen its domestic industries.

– **Emphasis on technological self-sufficiency**

- Chairman Chung believed that technological self-sufficiency was essential to actively respond to the dynamic business environment and acquire competitiveness.
- In the 1990s, globalization, liberalization, and information technology rapidly altered business paradigms. Hyundai 's response was to redouble R&D efforts and quality control.
- By developing its own auto engine, Hyundai achieved complete self-sufficiency in auto production, and became a technological leader through the entire spectrum of heavy industries.

- Hyundai 's hard-earned technological independence not only benefited the group, but also helped establish Korea as a significant economic center.

Fostering Talent

– **Human resource management focusing on ethics and ability**

- Chung Ju-yung believed that successful management was based on respect for humanity and should harmonize corporate and individual goals.
- Chairman Chung thought that a person who was faithful in small tasks could be trusted for large tasks, and one who was not faithful in small tasks could not be counted on for large tasks. His promotion of employees reflected this belief.
- Chairman Chung 's discerning use and placement of personnel is thought to be one of the reasons for Hyundai 's dynamism and long-term growth.

– **Fostering specialists with on-site experience**

- Since the group 's early days, Chairman Chung was known for his on-site management. By allowing his employees to gain invaluable practical experience, he fostered professionals with solid know-how in their respective industries.
- In 1988, the Hyundai Business Group introduced manager and president training programs that incorporated new management theory and methods. These programs also gave participants the opportunity to share their knowledge and experience.
- Realizing that employees ' study and self-improvement could only benefit the group, Hyundai generously supported such efforts.

– **Training high-tech talent for technological self-sufficiency**

- Until the 1960s, Hyundai focused on acquiring modern technology in construction. From the 1970s, the group began to develop its own technology, and in the 1980s, it diversified its technological base and invested heavily into R&D personnel for cutting edge capability.
- To train cutting-edge research staff, Hyundai established about 50 technology research centers.

– **Educating area specialists for export-led development**

- In his conviction that expansion into world markets was the only way for corporate survival, Chung Ju-yung invested considerably into training area specialists.
- Foreign language training for Hyundai employees of overseas branches began in 1980, and continuing English education is provided for many Hyundai workers.

2. Chung Ju-yung as a Pioneer of Unification

Laying the Groundwork for a South-North Economic Community

– The first South Korean businessman to visit the North

- Chung Ju-yung visited North Korea in January 1989. He met with the late Kim Il-sung and reached an agreement for joint development of Mt. Kumgang, which became the basis of Hyundai 's Mt. Kumgang Tour.
- Because of the hardline stance by the South Korean government however, economic cooperation on the peninsula remained at a standstill for about a decade.
- Thanks to President Kim Dae-jung 's sunshine policy, the Hyundai Business Group 's North Korea projects began in earnest, and Chung Ju-yung 's idea for economic unity began to be realized.

– Contributed to the North 's opening and inter-Korean dialogue

- The Hyundai Business Group 's North Korean ventures mostly require heavy investment in the early stages, and were not intended for profit in the short term.
- Hyundai 's short term sacrifices allowed North Korea to develop trust towards the South, and consider the South as a partner in rebuilding its economy.
- Kim Jong-il 's friendly attitude towards Hyundai is the result of mutual trust and cooperation.
- Such efforts by the Hyundai Business Group helped bring about the Inter-Korean Summit in June 1999.

– Conceived a plan for joint economic development

- On February 8, 1999, Hyundai Asan was formed to systematically engage in South-North economic cooperation.
- By 2030, Hyundai plans to develop Mt. Kumgang into a world-class resort destination that provides skiing, golf, aquariums and hotels.
- Hyundai will help solidify economic cooperation through expanded ventures including an industrial park and tourist complex in Kaesong, development of the Tongchun area, and a sports complex in Pyongyang.

Forming a consensus for peace and unity

– Launching the Mt. Kumgang Tour

- Chairman Chung considered the Mt. Kumgang Tour as a long-term investment and a venture that would benefit the entire nation.
- In the strong conviction that the tour would help bring about reunification, Chung Ju-yung continued with the project despite short-term losses.

– Rebuilding inter-Korean trust and sense of community

- Although the government 's consistent policy of engagement and separation of politics and economics helped open North Korea, Chung Ju-yung 's contribution to this result was crucial.
- Chairman Chung 's risky visit to the North as well as his gift of 500 head of cattle led to Hyundai 's agreement with North Korea on developing Mt. Kumgang, and the Mt. Kumgang project began on November 18, 1998.
- The Mt. Kumgang Tour was not merely a tourist venture but was also a turning point for building trust and reducing tensions on the peninsula.
- By fulfilling the lost hopes of more than 10 million Koreans displaced by the war, Chairman Chung helped build a consensus for national unity.

– Helping establish peace on the peninsula

- Through the Mt. Kumgang project, opportunities increased for exchange between South and North Koreans, and the hostility and distrust between the two countries began to dissolve.
- Since the tour project cannot operate in the case of war, its operation bolstered international confidence regarding peace on the peninsula.
- The project also helped bring change and reform in North Korea, which appeased conservatives and hardliners in the South.

– Fostering mutual understanding through economic cooperation

- The Mt. Kumgang Tour opened the possibility of civilian economic cooperation, and the Hyundai Business Group diversified cooperation into other fields to benefit both South and North Korea.
- Although economic ties in the past were limited to trade, Hyundai 's North Korea ventures were a milestone for unifying the two economies.
- Hyundai 's active expansion into North Korean ventures is expected to encourage investment by other domestic companies.

– Fostering social and cultural exchange

- The Mt. Kumgang Tour project had social and cultural significance in addition to its political and economic benefits.
- By providing opportunities for interaction (although limited), the tour helped narrow the social and cultural rift between North and South Koreans.
- The performance of a North Korean circus troupe in the South gave domestic audiences a chance to experience the North 's culture.

– Contributing to regional development

- Hyundai's Mt. Kumgang Tour not only helped the North Korean economy by also contributed significantly to regional economic development in the South.
- The east coast served as a bridehead to the North, and the project raised demand for the region 's

tourist facilities.

Working for Joint Economic Development

–Overcoming barriers with “ Cattle Diplomacy ”

- On June 16, 1998, Chung Ju-yung took 500 head of cattle to North Korea through Panmunjom, a truly unprecedented event.
- The “ cattle diplomacy ” was more significant than any previous diplomatic effort in the last 50 years.
- Panmunjom, which had been a symbol of confrontation and conflict, was changed into a symbol of reconciliation and peace. Chairman Chung 's cattle diplomacy informed the world that South and North Korea were one nation.

–Working for joint development, Chung put his patriotic spirit into action

- Chairman Chung did not consider North Korea as another country, but as the country of his father as well as his hometown.
- The memory of his father and hometown gave Chung Ju-yung a patriotic spirit of sacrifice and service towards his compatriots in the North.
- Despite criticism that Chairman Chung was helping the North without receiving anything in return, his continued efforts at economic cooperation brought progress in inter-Korean relations.
- Chairman Chung was a truly Korean businessman, who acted from longing for his father and hometown and generously sacrificed for his nation 's joint development.

3. Society 's Leader: Chung Ju-yung

Promoting the nation by winning the bid to host the Olympics

–While sitting among the audience at the Tokyo Olympic Games, Chairman Chung pledged to one-day host the Olympic Games.

- While sitting in the stands of the 1964 Tokyo Olympic Games, Chairman Chung declared his pledge that, one day Korea on its own accord will host the Olympic Games. It was 17 years later that Chairman Chung, with his intense determination to realize this dream, was able to witness its realization.

–Off to a discouraging start, with strong, well-prepared competitors and an unstable domestic situation

- At the onset of the Chun Doo Hwan administration, the whole nation was in a state of unrest, the public perception of the country as ruined presented a substantial barrier to winning host country

status.

- The majority of the population, including government officials involved in the bid, were negative in particular due to the competition they faced from Nagoya Japan, which had been preparing for a long time for the bid.
- Amidst this pessimistic atmosphere, in May of 1980 Chairman Chung led the drive for the bid by taking on the Chair of Korea 's Olympic Organizing Committee.
- Normally the candidate city 's mayor would hold the post of Chair of this Committee. Having a private businessman head this committee was unprecedented, but it was a measure taken to safeguard against potential embarrassment the Korean Committee could face from the Japanese Olympic Organizing Committee, which was expected to win by a landslide. Nevertheless, Chairman Chung eagerly took on this role and won the bid to host the Olympic Games.

– Winning the bid to host the Olympics was a victory for the Hyundai Spirit

- As the Chair of Korea 's Olympic Organizing Committee, Chairman Chung headed for Germany in January of 1981.
- Upon arriving in Germany, every member of the Hyundai Business Group 's Germany office was mobilized. Under Chairman Chung 's leadership, they were united together as one for this effort.
- An example of Chairman Chung 's extraordinary tactics for winning an uphill battle was his so-called "flower basket strategy". He arranged for a fresh bouquet of flowers, which, according to Chairman Chung, was an expression of sincere thoughts, to be sent daily to the IOC members ' hotel rooms until the final day of the bid, as a means of winning over their wives. It was Chairman Chung 's belief that since most women love flowers it would make them happy and if the wives were happy the husbands were sure to be pleased. Chairman Chung was right on the mark with this tactic.
- On September 30, 1981 it was announced in Baden-Baden, Germany that Seoul would host the 24th Olympic games. What was once thought to have been an impossible feat with predictions that Seoul would only be able to obtain 3 votes of out 82, turned into a complete victory when Seoul secured 52 votes and 26 objections.

– With a selfless, reserved and collected mindset, Hyundai participated in the Olympic project

- During the Olympic games Chairman Chung provided free use of cars for competitions. He also led the movement for greeting and contacting influential parties by inviting prominent foreign figures and relevant officials, as well as mobilizing the assistance of the network of foreign firms based in Korea.
- However, not a penny was made in profit from business or from the construction of Olympic facilities by the Hyundai Business Group.
- Through the Olympics, a festive occasion for all people, in which no financial profit was gained; the reserved and collected mindset in which Chairman Chung approached the Olympic project,

became the foundation of the Hyundai Spirit.

- Chairman Chung 's "Baden-Baden Myth " was echoed 15 years later in National Assemblyman Chung Mong-joon 's "Chile Myth " in his bid for hosting the 2002 World Cup.

A Dream to Reform the Nation: Chairman Chung 's Role in Politics

–Suicidal leap into politics, an attempt to disprove the idea that Korea had a substandard level of politics

- Entering into the Roh Tae-woo administration, the financial sector was facing even more adverse circumstances and the country was in turmoil. It was then that Chairman Chung took it upon himself to participate in politics.
- The foreign press criticized Korean politics as not being able to even measure up to the standards of the Pony automobile, one of the first cars produced by Hyundai. Chairman Chung 's experience with successive government administrations further convinced him of the urgent need for government reform, leading him to enter into politics himself.
- At the age of 78, Chairman Chung in January 1992 formed the United People's Party and ran for the presidency in December. The party 's political philosophy was to create a nation that had politics of law, not politics of rulers, and a government that managed rather than ruled.

–Making waves by Introducing Korea 's first venture-spirited politics

- Chairman Chung was able to expand his United People's Party to 31 seats in 45 days from the party 's formation, gaining the National Assembly 's recognition as an official party and creating a stir along with it.
- The formation of the United People's Party posed a serious threat to Kim Young-sam 's ruling party and the main opposition party of Kim Dae-jung.
- Chairman Chung did not fail to exhibit his innate talent of generating new ideas, like his revolutionary ideas to supply apartments at half their cost or to build elevated highways, while participating in Korean politics.

–" There may be trials. But there are no failures. "

- Although the party was not yet a year old, on the 14th Presidential Election of December 1992, Chairman Chung was defeated. Winning four million votes (16.3%), it was not conceived as a complete failure.
- Chairman Chung withdrew from his party in February 1992 and resigned from his post as a member of the National Assembly. In May, Chairman Chung held a press conference declaring his retirement from politics.
- With regards to the belief that Chairman Chung 's defeat in the presidential election was his biggest failure, Chairman Chung insisted that it was not a failure just an ordeal and a temporary humiliation.

- The last passage of his autobiography, *Born in This Land*, reads as follows. "I do not believe that my failure to win the presidential election was my failure but the peoples ' failure in electing a president like Kim Young-sam. It was the Y.S. administration 's fault for bringing the country to its current state of misery. I was simply not chosen during the elections. I have no regrets."

4. A Man of Public Service: Chairman Chung Ju-yung

Chairman Chung 's Concept of Public Service

–“ **My aim is to help the needy help themselves.** ”

- “With the powers invested in me, I plan to donate all of my stocks, be it a lot or a little, to the Asan Foundation. ”
- Chairman Chung declared that he would create the world's next best charitable foundation of high efficiency and the best economic capabilities after the Ford Foundation and Rockefeller Foundation.
- Chairman Chung believed that this was a way to pay back society for helping create Hyundai and one of the best ways to realize the fruits of his labor.

Sense of Responsibility to Society

–“ **A business ' responsibility to society is not restricted to just the economic realm.** ”¹⁾

- Chairman Chung thought that a business is responsible to society legally, economically, socially and culturally, each of which can not be thought of separately.
- It was Chairman Chung's conviction that if a business has accomplished its economic responsibility, with a portion of the profits it has earned it should fulfill its social and cultural responsibilities as best it can.

–**Chairman Chung viewed human problems from the perspective of the society and country**

- Chairman Chung believed that the principal goal of public welfare was to liberate people from disease and poverty, focusing particular attention on the alienated social classes that remain in the shadow of development.
- Chairman Chung pledged his commitment to public service as a means of helping to break the vicious cycle of perpetual suffering by the poor and sick.
- The Hyundai Business Group was able to grow due to the strength and competence of healthy

1) Taken from Chairman Chung 's address *Conditions for a Developed Nation 's Economy* delivered at the July 1979 Korea Management Association 's Seminar for Top Managers.

people. Therefore, the Group 's fortunes should be used to make a generous contribution in helping out people.

– Improving the image of Chaebols ' public service

- In the past, chaebols did not carry out their social work according to their public objectives; rather they were used as a cover for rent-seeking. As a result, the public perception of chaebols ' social responsibility was tainted and skeptical.
- Chairman Chung 's social work eliminated the prevalent view that businesses were only engrossed in making profit. He helped define a business ' social responsibility as returning profits to society.

Development of a Comprehensive Social Welfare Industry

– Chairman Chung established the first public welfare foundation sponsored by a large enterprise

- By establishing the Asan Foundation in 1977, Chairman Chung became the first person from a large-size enterprise to sponsor a comprehensive social welfare organization, the scale of which was phenomenal.
- The Asan Foundation was based on helping the most unfortunate in our society by providing medical support, social welfare support, education, and research and development support. It was a pioneering move in laying the groundwork for improving social welfare in Korea.

– Promotion of public welfare activities through contributions from private funds

- Chairman Chung donated half of his shares in Hyundai Engineering and Construction to the establishment of the social welfare foundation in commemoration of the 30th anniversary of his company.
- Realizing the ethical justification in increasing the value of one's wealth by pouring it back into society as opposed to merely holding on to it, Chairman Chung made the difficult decision to put this idea into practice by establishing the Foundation.
- This presented an opportunity to reconstruct society's viewpoint of enterprises and enterprise's viewpoint of society, creating a new impression of business profit being used to restore society.
- A significant contribution was made towards promoting social equality through initiating social welfare programs using the profits of private business.

(Expanding Medical Services)

– Establishment of hospitals in regions with poor facilities

- Medical facilities were built in poor regions where there were minimal or no medical facilities capable of providing appropriate services.
- The Foundation provided medical services for residents of neglected farming villages and built

modern medical facilities for those located in remote areas. They were non-profit operations that prompted the construction of modern general hospital facilities in rural regions.

– Realizing the equal distribution of medical benefits

- Chongup Hospital was the first of five general hospitals that were opened in Inje, Boryong, Bosung, and Yongduk, each responsible for providing medical care for its respective regions.
- Since the opening of these hospitals in the span of two years, 600 thousand patients were diagnosed and treated, at a cost of 3.6 billion won to the Foundation.
- Through the medical care provided by the Foundation, the disparity in medical benefits for people of these regions gradually diminished. It also prompted the government to implement a policy that stipulated second class medical coverage for small rural villages.

– Establishment of Asan Medical Center to manage the regional hospitals and conduct basic medical research

- While operating the regional hospitals, Chairman Chung constructed the first general hospital, Asan Medical Center, to promote safe medical services and conduct specialized research and education in medicine.
- It was a pioneer in creating a new hospital culture that was patient-oriented rather than doctor-oriented.

– Helping improve health education and medical standards

- When the Foundation was first established, of the 55 general hospitals in the entire country, 49 of them were crowded into the large cities. With the construction of the five general hospitals in regions where medical facilities were inadequate, the disparity in medical benefits was significantly alleviated with the provision of free medical treatment, protective inoculations and the offering of healthcare classes.
- In addition to these hospitals, two big city hospitals were taken over and for the first time a large-scale hospital serving all people was opened, offering a medical referral system while expanding the scope of available medical services.
- The scope of medical services available to the deprived expanded through the Foundation's medical programs. The roles of the regional hospitals increased, and employed many residents of the regions, to realize genuine public service led by the private sector.

(Supporting Welfare Organizations)

– Condition for making welfare organizations independent

- Chairman Chung supported many social welfare organizations to increase the quality of life for the handicapped, elderly, and the poor and ailing who suffer from discrimination because of their mental or physical handicaps.
- Most previous social welfare facilities were small and overcrowded with dilapidated equipment.

Chairman Chung provided financial support to purchase urgently needed equipment for these facilities throughout the country and bore the cost for regenerating human resources by curing their ailments and providing of needed training.

–Supplementing existing public welfare facilities

- With the extensive contributions made by Chairman Chung many public welfare facilities were able to gain their independence. This led to concrete improvements in the social welfare facilities, which was a major contribution to helping balance social development by ensuring that those in dire need were guaranteed a decent standard of living.
- In order to enhance the efficiency of public welfare organizations, contributions were given to organizations that demonstrated an ability to accomplish their core functions.
- Even before the government systemized support policy for welfare organizations, Chairman Chung designed a system of support that helped prevent organizations from making mistakes by providing them with only small increments of support in the trial stages of each or ganizations development.

(Supporting Research Activities)

– Research support for universities and institutions for knowledge development

- Chairman Chung believed that talented and capable individuals were a requisite for a nation and society's development. He provided research support in every field, helping to advance the country's knowledge and technology.
- Chairman Chung helped foster the nation 's most talented people by supporting research activities in diverse areas of study.
- By making it possible for researchers to carry out their desired research and work, a notable contribution was made towards balanced development in higher education and research.
- Contributions also expanded into regional areas, which helped alleviate the disparity in research opportunities available to researchers located in remote areas of the country. This resulted in a more equalized development of universities throughout the country.

(Providing Scholarship Services)

– Concerted support for advanced study

- Under the guiding principle of providing education opportunities for all, Chairman Chung helped a great number of young students who lacked learning opportunities due to their social and economic circumstances.
- Chairman Chung concentrated his efforts in breaking the vicious cycle of ignorance and poverty by providing scholarships for not only the most gifted among the poor, but also for average students.
- Chairman Chung developed new scholarships and contributed to providing equal opportunities in education and social stability by fusing the idea of welfare organizations with scholarships.