

# “Can Chaebols become Postmodern?”

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## Can Chaebols become Postmodern?<sup>1</sup>

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### Abstract

A decade ago one would ask, ‘what has postmodern to do with critical theory?’ Management scholars such as Alvesson, Boje, Deetz, Fitzgibbons, and Steingard have argued for a marriage of critical and postmodern theory, one that has occurred in the philosophy of Best, Kellner, Debord, Jameson, and Deleuze. Such a marriage will not be easy; Critical theory is after all quite skeptical of the non-political economy stance of much of mainstream postmodern theory, such as Lyotard’s escape from grand narrative, Derrida’s deconstruction of Western philosophy, and Baudrillard’s reduction of mass society into simulacra. We believe the place to being is with more critical postmodern theories, such as Debord, Jameson, Best and Kellner that have deep roots in critical theory. The purpose of this essay is to point out the complementarity of critical and postmodern theory for Chaebols. Our contribution is to integrate critical and postmodern theories into a change methodology that could transform Chaebols into something more progressive and liberating. We will bring the socio-economic aspects of critical postmodern theory together with shared organizational governance. Chaebol, we will argue, is a socio-economic condition that can be re-networked into something that is more viable to Korean economy. The advantage of uniting critical and postmodern theories is the critique of socioeconomic abuses of Chaebols and possible ways to change their governance patterns.

**JEL classification:** B22, D21, A14.

**Can critical postmodern organization theory be used to transform South Korea’s Chaebol and Chaebol dominated economy?** The purpose of this paper is to combine ‘critical theory and ‘postmodern’ organization theory into a ‘critical postmodern’ analysis of Chaebol that would also serve as the basis for suggesting reforms. Our work is informed by several South Korean scholars who have been doing significant research on Chaebol and the Korean economic crisis before and after 1997 (Yoo, 1995, 1999; Yoo and Lim, 1999; Won, 2001; Chung, 2002; Joh, 2002; Park & Choi, 2002; Kim, Cha & Song, 2002; Kim, J., 2002; Kim, K.W., 2002; Bergsten, C.F. & Choe, I., 2003; Tcha, M., Suh, C.S. & Rothstein, 2003). Our contribution to Chaebol governance reform and restructuring is to offer our critical postmodern perspective.

The structure of the article is in two parts. In section I, we introduce chaebol and a brief history of Korean business practices. In section II, we define terms such as premodern, modern, and postmodern in order to make some important distinctions between critical postmodern and other approaches. We use these distinctions to look at the interplay of premodern, modern, and critical postmodern Chaebol discourses. In section III, we examine critical postmodern options for transforming Chaebol. We begin with defining key terms.

### 1. Introduction to Chaebol

The term Chaebol means “Korean conglomerates” consisted of 30-50 legally independent firms, owned and controlled by the founder or his family successor, essentially operated as a single firm, and symbiotically aligned with the South Korean government (Choi & Cowing 1999). The parent companies are hub of the Chaebol, a network of scores of satellite firms, under the iron rule of absolute power of one person, the owner. The founder of a Chaebol set up a small number of “parent firms” holding personally the absolute majority of shares. The “parent firms” are used as

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“seed companies”, to establish 2<sup>nd</sup> generation of “child” companies. By way of mainly joint investments and ownerships of the parent firms and the symbolic minor participation of the founder, a second tier of ‘propagated companies’ is thus born. And through the joint investment of parent firms, second tier companies, and the founder, a third tier of ‘grand child’ companies are set up. In this way the particularity of Chaebol ownership structure came into existence: the potato rhizomatic ownership structure permits the founder who holds the absolute majority of the shares of the parent companies to become the owner of all the shares owned by affiliate (parent, 2<sup>nd</sup> and 3<sup>rd</sup> tier) companies, who through the crisscrossing joint investments own the majority of the total share of all the companies belonging to the conglomerate. The “founder” becomes the “owner”, the title of predilection in Korea. The founder/owner reigns and rules through special supervisory staff organization of his own, and by way of appointing chairman, CEO, and board members of the legally independent affiliated companies. The Chairman, members of the Board, CEO and other executives are accountable only to the owner. In short, Chaebol is a highly centralized network firm under the iron rule of discipline, order, and obedience of absolute monarch.

Chaebol was started in the 1960s during President Park Chung Hee’s military dictatorship administration (1961-1979), and grew to become the engine and tool of the government-led economic development. In the 1970s the economic growth has been explosive. Climbing on the bandwagon of the government’s heavy and chemical industries (HCIs) drive, big companies in Korea were able to develop into conglomerate groups and evolved into Chaebols. They control diverse businesses across most of important industries from commodities to high tech, from manufacturing to 3<sup>rd</sup> sector, taking the characteristics of: family ownership, control, and management; highly diversified big number of subsidiaries under the unified central command; multivariate cross shareholding and mutual loan guarantees among subsidiaries. Throughout the 1980s and 1990s, Chaebols’ dominance in the Korean economy has been strengthened. Chaebols have grown ‘too big to fail’ and too big to stay under the government’s compulsive and discretionary control. The outburst of democratization movement since 1987 under the Chun Doo Hwan military hardliner administration (1980-1988), and the consequent instabilities put into question the legacies of the state-led, chaebol-centered economic system. However, no fundamental changes were realized neither in the discretionary and interventionist role of the government nor in the symbiotic government-business relationship and in the way of existence and the pattern of behavior of Chaebol. The “civil” governments installed after the democratization upheaval – Roh Tae Woo administration (1988-1993) and Kim Young Sam administration (1993-1998) – failed to create a new paradigm that could replace Park Chung Hee military paradigm “proved to lose effectiveness after three decades of outstanding performance” (You, 1999: 2). Resultantly, in 1997, South Korea faced a moratorium crisis, which forced Korean government to ask the IMF for an emergency bailout loan; IMF made the provision of assistance conditional on the reform of the way Korean economy and chaebols are managed. In concert with IMF/IBRD, the Kim Dae Jung government (1998-2003) carried out a wide range of reforms including Chaebol reforms (Yoo, 1999; Kim, Cha & Song, 2002; Joh, 2002). Chaebols were largely blamed for having provided the main cause of the crisis, giving rise the open debate even about their “dismantlement”. The Chaebol reforms has been carried out as the policy of the top priority by the government and based on “5+3+ $\alpha$ ” agenda (Kim, K.W., 2002). 5 items concerned: i) increasing transparency in corporate management practices, ii) eliminating cross debt guarantees, iii) reforming financial structures, iv) establishing core competencies, v) increasing accountability of controlling shareholders and management. 3 items were related to: i) prohibiting industrial capital’s domination over financial sector, ii) suppressing circular reaction in chain investment, and illegal insider transactions, iii) preventing improper bequests or gifts to heirs.  $\alpha$  was to innovate corporate governance. The government has enacted a multitude of changes in laws and regulations, and in the form of discretionary guidance to realize the reform agenda. Overall, we can say, there have been a lot of cosmetic changes but not a paradigmatic change (Kim, K.W., 2002; Chung, U.C., 2002; Yee, J., 2002; Kim, I.J., Cha, B. & Song, C.Y., 2002). In the next part of our essay, we contract premodern, modern and (critical) postmodern discourses, while reflecting upon Chaebol.

## 2. Premodern, Modern, and (Critical) Postmodern Chaebol Discourses

In this part, we do not mean to imply that there is a succession of epochal shifts from premodern and modern to postmodern discourses. Rather, we theorize a hybridity of these theories, being in practice in the global economy, of which Chaebol is a part. Our task here is, to answer the question: What's the difference between premodern, modern, postmodern, and critical postmodern organizational perspectives in terms of model, theory, metaphor, and practice? We organize our answer around a historical reading, but we think that current Chaebol is a mix of mostly premodern and modern, but the more postmodern globalization discourse (see Hardt & Negri, 2000; Best & Kellner, 2001) is drawing Chaebol as an institution into its postmodern phase, which includes a decentered power network of global governing institutions, such as North Atlantic Free Trade Agreement (NAFTA), Free Trade Areas of the Americas (FTAA), World Trade Organization (WTO), International Monetary Fund (IMF), and World Bank. Postmodern globalization is a transition from imperialism to Empire, and it includes reinventing nature in the image of the Cyborg using genetic (re)engineering technologies traversing and blurring boundaries between human, animal, and machine. Each technological and economic market shift, calls forth a new philosophical discourse, in this case, postmodern globalization. Hardt and Negri (2000), by way of introduction, paint a rosy image of postmodern globalization, while Best and Kellner (2001) present the dark side of postmodernism, and stress a "critical postmodern" theory that we intend to apply to analyze Chaebol entry into globalization

### *Premodernist Discourse*

Premodern has never been replaced by modern or postmodern. Rather, all three, discourses, as stressed above play in hybridity in globalization. The idea of linear progress of modern over premodern and postmodern over modern is a fiction we shun.

Premodern Western discourse, for example, mixes passion and spiritual meditation with preindustrial and even feudal customs and traditions. It does not differentiate a person from his or her social or religious role: spouse, soldier, and so forth (Thatchenkery, 1992: 225). Premodern discourse is a mythic and nomadic journey, defending artisan craftsmanship, spirituality, family and a strong sense of community and transcendent spiritual and divine, over economic rationality that arises in modernity (in Renaissance and Enlightenment). As the capitalist, industrial, and Enlightenment discourses associated with modernism became articulated, the premodernists remained steadfast in their defense of traditional alternatives (Toulmin (1990) imagines postmodern as a return to the critique of premodern's concern over modernity). The premodern, communal order that preceded the urban, mechanistic, capitalistic society is becoming increasingly popular as an alternative model of living, as exemplified in the "greening of the corporation" movement (Shrivastava, 1993) and in several more postmodern philosophies. Again, we stress the non-linearity, and hybridity.

Premodern Korea, since its foundation in BC 7197-3897 (Lee, H.S., 1999: 17), has a deep root of multilateral cultural, moral, and religious traditions. In addition to its own mythology and tradition of thoughts, those of foreign origin have been introduced and assimilated. Premodern Korea has built a distinct identity in enculturating the diverse transcendent elements of Shamanism, Buddhism, Confucianism, and Christianity. A strong tradition of worship for the heaven, of being humble to the nature God, and of constant search of good tripartite harmony between Heaven-Earth-Man has been developed. Korean tradition of Shamanism values the most the well-being and the repelling of harmful spirit on individual, familial and village bases. Buddhism, introduced into Korea 4<sup>th</sup> century, had become State religion of Koryo Dynasty from 918 to 1392. Confucianism has been the official state value of the most enduring and most recent Dynasty, Chosun or Yi Dynasty (1392-1910). The influence of Confucianism is preponderant to every aspect of social, cultural, and political life.

Feudal Korea has generated homogeneity through heterogeneity, i.e. maintenance of distinct and original national identity through transcendental enculturation of diverse foreign tradition of thought, religion, culture and civilization all way through different states and dynasties for nine millenniums, evolution of which is shown in Figure 1(Lee, H.S. 1999: 84). The Premodern

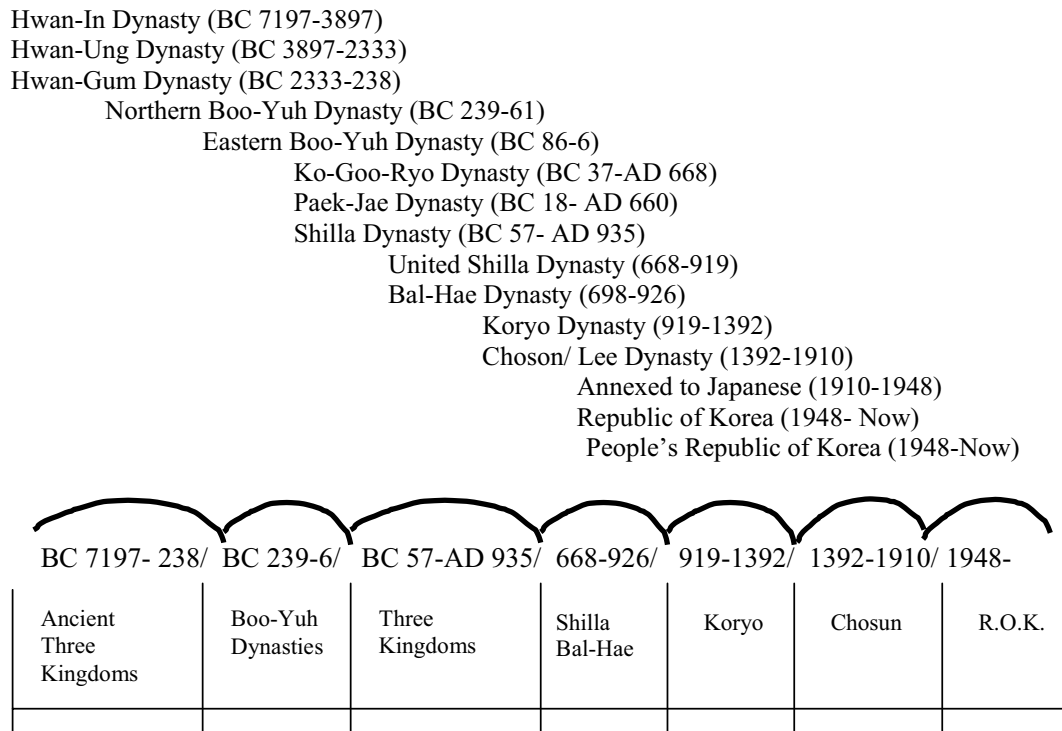


Fig. 1. Evolution of Korean States and Dynasties

Korea has germinated a well-established agrarian nation-state, very proud of national origin and legacy, wide open to relationship with other countries, fundamental characteristics of which can be considered as: 1) vertical relationship between heaven-man, ruler-ruled, patriarch-family member as that of worship, filial piety and loyalty; 2) horizontal relationship between the equals as that of fraternity, love and mutual aid and concession; 3) valorization of intellectualism and scholastic discourse and disdain of manual labor; 4) prime importance attached to first group, kinship, and affinity according to regional origin and scholastic sect; 5) high propensity for humanism based on emotions, sentiments, and affection rather than Cartesian logic and rationality (Lee, H.S., 1999; Huh, C.B., 1999).

These characteristics give rise to model of society highly patriarchic and stratified but tightly interwoven by network of warm human bond. System of equality and fraternity within the same strata has been established. Four strata developed: the scholar-officials, called *yang-ban*, the *chung-in*, administrators and technicians subordinate to the *yang-ban*, the commoners or *sang-min*, composed of farmers, craftsmen, and merchant, and the *ch'on-min*, despised people at the bottom of society. Also an order of privilege and preference was well established to go from intellectuals, to farmers, artisans, and tradesmen. And premodern Korea has practiced a highly sophisticated system of self-help, benevolent help and communal festivity, such as *Doo-rae*, *Bo*, *Gyeh*, and *Dae-Dong-No-Ri* (Lee, H.S.: 62-81). Those are expression of team spirit of solidarity, neighborhood, and community. *Doo-rae* is a system of cooperative of farmers for cooperative collective works based on the principle of exchange of equal value of labor among members of the community organized on the bases of natural village or vicinal collectivity. *Doo-rae*, very common and active during Chosun or Yi Dynasty (1392-1910), has a well established formal organization and management body (Joo, K.H., 1996; Lee, K.Y., 1993). *Bo*, originated from Buddhism since Silla Dynasty (668-935), developed as a foundation formed by benevolent donations to be used for the sick, weak and impoverished, took multiple form of share participation by people of all horizons in the form of land, materials, and money, which necessitated a fairly sophisticated management system to run and distribute the funds. *Gyeh*, known to existed since B.C. 37, is the oldest system par excellence of mutual financing-mutual aid, which is widely practiced till today. This is a voluntary

system of collective action and help to a member facing a situation difficult to be handled by himself alone. The most common form has been placing a reserve by individual members and distributing accumulated dividend to a member in need and mutual aid in case of funeral and marriage. *Dae-Dong-No-Ri* has been the natural way of consolidating, celebrating, and enhancing the sense of solidarity, cooperation, neighborhood, and brotherhood among members of community through festivity. This took the form of shamanistic rite to express the gratitude and pray for the blessings to almighty spirits and gods, and a multitude of folkloric festivities to celebrate and enjoy together. The ecstasy and euphoria of colorful shamanistic rituals were associated with the festivities, from where can be found the origin of the Korean reputation of volatility and emotionalism for being "Irish of the Orient".

Among the social norms and values that have exercised the most enduring and pivotal influence to premodern Korea was the Confucian principle of Five Relationships (*O-Ryun* in Korean; *Wu-Lun* in Chinese) governing social behavior: 1) between father and son there should be affection and benevolence; 2) between sovereign and subject there should be righteousness; 3) between husband and wife there should be attention to their separate functions; 4) between old and young there should be a proper order, filial piety, and deference; 5) and between friends there should be faithfulness. Social relations are conceived in terms of the harmonious integration of individuals into a collective whole. Through correct social practice, as defined by Confucian sages, individuals can achieve a kind of spiritual unity with the heaven. The ideal man or woman is the one who conforms the best to the socially defined norms and obligations. The image of Koreans is born as self-controlled, deferential, applied, and "sincere", being in control of passions and emotions, and not expressing what one "really" felt as "reflecting on" or "clarifying" one's feeling and thoughts until they conform to social norms. The themes of authority, hierarchy, subordination, and benevolent paternalism constituted the pillar of premodern Korea, for the maintenance of which the scholar-officials versed in Confucian orthodoxy assumed central role. The only way to enter into the scholar-official elite was by passing state examination that tested the knowledge on the Confucian classics and their neo-Confucian interpreters, from where a national zest and zeal for education stemmed. There has been a tradition of Confucian statesmen to oppose, even at the cost of their lives, the misuse of power by those in authority, following the Confucian doctrine of the Mandate of Heaven according to which the sovereign and his officials must concern themselves with the welfare of the people and a king who misuses his power loses the right to rule. The tradition of student activism in modern Korea by university students claiming to be the "conscience of the nation" can find the root to this aspect of Confucian tradition.

It risks being overly simplistic to depict premodern Korea in terms of Confucian tradition or a certain aspect Confucian tradition, since there is such a mix of traditions. Premodern Korea needs to be considered as a *Tamara*-esque (Boje, 1995), a networking of many cultural forms, with actors chasing them between many stages. A more comprehensive account might apprehend them in terms of interacting multiplicities in constant multivariate synthesis.

There are also multiple interacting dualities of Confucianism that need to be deconstructed (in postmodern analysis): self-control and solemnity vs. almost explosive volatility; the duty-bound austerity of Confucian family life and ritualism vs. the ecstasy and abandon of shamanistic rite; the conservatism of agricultural villages vs. looser social organization of fishing communities; the orthodox concept of male supremacy and the real "hidden" female power; the slavish deference to authority vs. principled resistance. Furthermore, there are hybrids formed, such as, how the the concept of equality and respect for individuals generated by *Ch'ondogyo*, an indigenous religion originated in the nineteenth century, combed with elements of Buddhism, Daoism, Shamanism, Confucianism, and Catholicism; this hybridity, in general, teaches that every human bears "divinity" and that one must "treat man as god"; a definite contradiction to Catholicism, but a necessary accommodation.

Western tide of early modernism, bringing so-called 'civilization' first reached the premodern Korea in the seventeenth century through China through Christianity. By 1785, the government had become incensed over the rejection of ancestor worship by Roman Catholic missionaries, and banned all forms of Western learning considered as "savage", immoral and anti-human.

When learned about the Opium War in China (1839-1842), the dynasty found more reason to shut the doors tightly against Western “barbarians”.

The expansion of Western powers in East Asia in the nineteenth century altered fundamentally the established order in the region. China, which has long been not simply the unquestionable dominant power of the region, but even the world’s most advanced civilization from 7<sup>th</sup> to 14<sup>th</sup> century, was in decline under Qing Dynasty (1644-1911). Its power languished rapidly under the concerted attacks of such Western Imperialism of France, Britain, and Russia. Japan, considered as under-developed and isolated island by neighboring countries, engaged actively to modernize after having been forced to open its ports by Commodore Matthew C. Perry of the United States Navy in 1853-1854.

In feudal Japan, Western-style capitalism was initially considered too threatening to pre-modern ethical heritages: modern ideas, for example, could lure people away from old customs and make these people egotistical (Hirschmeier & Yui, 1975: 201). Modernists, on the other hand, attacked the evils of premodern practices such as slavery, religious repression, torture, and democratic inequality. Finally modernist discourse prevailed and Japan became first among Asian countries to proceed to the occidental modernization. This created the point of reversal for Japan to become the major regional and world power in the 19<sup>th</sup> and 20<sup>th</sup> century. The traditional flow of civilization in premodern Asia goes from China to Japan through Korea, Korea playing the role of cultural bridge between China and Japan. The historic reversal has been realized since Japan preceded other Asian countries to take a modern industrialization turn from the West.

Korea practiced obstinate policy of seclusion to be the Hermit Kingdom, and preserve its premodern roots. The policy of seclusion has made Korea to pay high price, being protectorate of Japan (1905-1910) and annexed to Japan (1910-1945), and suffering post- World War II partition of North (occupied by the Soviet Union) and South (occupied by the USA) (1945-1948), and the Korean Civil War (1950-1953). Korea has remained fundamentally feudal, agrarian, devastated by war, and poor till 1961 when general Park Jung Hee took power via military coup and launched a state-led autocratic industrialization. The quantum leap from the feudal agrarian “country of morning calm” (per capita GNI US\$ 60 in 1960) to one of the advanced “effervescent” industrialized economies (per capita GNP US\$ 11,385 in 1996) has been achieved in four decades (Jones, L. & SaKong, I., 1980; SaKong, I., 1993; 1Up Info Country Study & Country Guide – South Korea; Song, B.N., 1997; Lee, H.K., 1996; Bergsten, C.F. & Choe, I., 2003; Tcha, M., Suh, C.S. & Rothstein, 2003; Kim, J., 2002; Cha, D.S., Kim, K.S. & Perkins, D.H., 1997; Kwon, J.K., 1990).

Premodern Korean discourse persisted and constituted what Deleuze and Guattari, term a ‘rhizome’ a non-linear web of values, norms and pattern of behavior till mid 20<sup>th</sup> century. Rhizomatic also refers here to the territorialization, deterritorialization and reterritorialization of the social and economic strata during waves of Imperialism that accompanies globalization (Deleuze & Guattari, 1987). The first reterritorialization is how Korean military rule quickly embedded the premodern community within a highly rigid, mechanized, and inspected modernist socio-economic structure. Our point here is that with the rise of modernist global production practices, premodern discourse remains contentious. Premodern traditions, were also used to sustain modernist practices, so that from the start, Korea is a hybrid, not a pure form. For example, the vertical religious and family ethic, and Confucian orientations toward authority, hierarchy and subordination complemented the rise of modernist discourse in Korea, and the hybrid was set. The Confucian values of filial piety and loyalty served well to indoctrinate people for absolute obedience, devotion and respect toward the hierarchy and established authority on the national as well as the company level.

The second reterritorialization is the transformation of the ancestral and clan culture into Taylorism (scientific management) work practices, that accompanied the post WWI and WWII waves of globalization discourse. The ancestral veneration and clan culture were grafted onto modernism to give rise to a hybrid concept of corporation as a big family. Since one’s social and political status in society was largely determined by birth and lineage, family and lineage groups came to occupy vital importance. The attachment to the family took the precedence over other values. The premodern system of values and pattern of behavior could be matched with modern industrialism, exploitive paternalism and military dictatorship; this is a hybrid that is very much a

part of Chaebols today. The concept of state and company as family collectivity could be established, where the member's respect, obedience, and devotion to the patriarch having been most stressed as prime virtue. The Tayloristic mechanistic culture could found out Korean way of being reinvigorated in union with unilateral authoritarian aspect of premodern Confucian discourse and disciplinary military dictatorship.

In fact, the men and women of modern Korean companies lived in company dormitories and housings, nurtured in company mess hall, and could receive officially accredited middle and high school programs in evening and week-end school set up by the company on its compound. The life of men and women of the modern corporate Korea was fully regulated and controlled; the employees were, far from their rural homes, taken full care of, including job, meal, housing, and to even saving and school diploma. Our main point is that Korean modernism is embedded in premodern discourse as a hybridity. "The industrial age produces the mirror of production, in which men are induced to believe that their labor (use value) defines their worth (exchange value)" (Denzin, 1986: 196).

Premodern discourse, we shall argue, also interpenetrates postmodern discourse in waves of deterritorialization that accompany the expansion of globalization under waves of Imperialisms (British & U.S.). Postmodern writers such as, Baudrillard (1987, 1988), Deleuze and Guattari (1972, 1987), and to a lesser extent, Lyotard (1984) have advocated a return to premodern commerce and society, in which tribal cultures lived in more (imagined) harmony with their natural environments and were peaceful with each other.

Clearly this would mean a transformation of Chaebol oligarchic practices; it would constitute acts of deterritorialization, that would further solidify premodern in the expansion of postmodern forms of globalization (Hardt & Negri, 2000; Best & Kellner, 2001). Critical postmodernists, Deleuze and Guattari (1987), for example, saw the premodern nomadic tribes, which roamed deterritorialized spaces, exalting desire and emancipation while resisting efforts of state and religious powers to subdue them, as a postmodern model. Jameson (1986), another critical postmodernist we shall revisit below, argued that people may be imprisoned in modernism in ways that do not allow them to see the validity of premodern stories that challenge dualities that prescribe a separation of political and private, libidinal dynamics. Clegg (1989) drew upon premodern discourses, such as Machiavelli's, to fashion postmodern theories of power. Finally, Toulmin's (1990) omega theory (the return of postmodern to premodern critique) frames modernist philosophy as a multi-century detour that connects postmodern philosophies to a rediscovery of their affinities to premodern discourse. Nomadic life in a postmodern world is anticonformist, antitraditional, and antinormalizing. Next we look at modernist discourse, realizing, of course, that it too, is interpenetrated by premodern (as well as postmodern). We turn now to a summary of how modernist discourse emerged in Korea.

### ***Modernist Discourse***

Modernist discourse, in Europe, sought to tame premodern pagan and mythical passion, contain the feudal corruption of absolute monarchy, and counteract the autocracy of the clergy. Stories of modernist life depict the administered, rationally planned, grand society that harnesses premodern passion, subjectivity, and choice. "Modernism is described as having elevated a faith in reason to a level at which it becomes equated with progress" (Parker, 1992: 3). Cooper and Burrell (1987) described two modernist projects: the "critical" programs of the Italian Renaissance (i.e. Humanism) and the Enlightenment and the "systemic," instrumental rationality of Weber's "iron cage of bureaucracy" (decidedly anti-Humanism). The systemic program of modernism fashioned the rhetoric of "instrumental rationality" from Weber to Bell's (1973) postindustrial society models (which became the basis for the post-WWII model of post-Fordist globalization). In the postindustrial scenario, science and technology would control the premodern world with the disciplines of cybernetics, decision theory, game theory, utility theory, and most recently, transaction costs analysis (Cooper & Burrell, 1988: 93-96). The system, particularly a large-scale one, erected in the interests of technological progress would contain premodern man in the "performativity" machine (Lyotard, 1984) and the panoptic gaze (Foucault, 1977) and thereby preserve order in the state by containing the Barbarian instinct.



Habermas defended selected aspects of modernism, stating "I think that instead of giving up modernity and its Enlightenment project as a lost cause, we should learn from the mistakes of those extravagant programs which have tried to negate modernity" (1981: 12). He saw modernism as an unfinished Enlightenment project with unfulfilled emancipative potential that can still be realized by, for example, refining Marxist forms of criticism to reconstruct the overly rational and exploitative aspects of modernism and develop rational strategies for consensus to obviate the ills of Taylorism and Fordism. Habermas continues some of the traditions of the Frankfurt School of Critical Theory (e.g. Fromm, Marcuse, Horkheimer, Adorno, & Benjamin). However, Habermas is a vocal critic of postmodern theorists such as Derrida, Baudrillard, and Lyotard (Best & Kellner, 1991; Cooper & Burrell, 1988; Deetz, 1992). Later we will focus on more 'critical postmodern' writers, such as Jameson (1991) and Deleuze and Guattari (1987) which are outside the Habermas' critique.

Some postmodernists are anti-Modern, see nothing salvageable in modernism or Enlightenment, and see rationality as a rebirthing of hierarchy, oppression, sustained racial domination, cultural marginalization, environmental deterioration, and sexism (Balsamo, 1987; Ferguson, 1984; Flax, 1990; Hawes, 1992). In sum, modernism is a variety of discourses (pro-modern, anti-modern, and reform modern) that is in struggle with premodern and postmodern formulations of the expansion of globalization (resist Imperialism, embrace Empire as some post-Imperial form, or reject them both).

In Korea, modern turn took the form of a revolution. Anonymous major general and young colonels provoked a coup and imposed their military and revolutionary way to advance the hegemony of modernization. A modernist discourse was presented as *sine qua non* to break with poverty, corruption, and inertia of the past, and to build a strong state standing firm against communist threats during Cold War global bifurcation between U.S. democracy and Soviet communism. The industrialization and economic development based exportation were launched as top priority of the military revolutionaries; it was emphasized as the only way to come out of the difficulties for the nation with no natural resources impoverished by exploitative colonization and completely devastated by the Civil War. The Korean government put forward successive five year economic development plans, went ahead to procure necessary financial resources in borrowing or guaranteeing foreign loans, and urged the businessmen realize the results as planned.

The military hybrid with corporate discourse produce as kind of 'Korea Inc.' with the military coup leader as CEO and businessmen as executives were established. The factories were built at a breathless pace, labor forces were uprooted and infused in mass from rural areas to factory towns, and the construction of roads and ports was rushed nationwide, and the Korean people emerged in the whirl of industrialization into a very locally adapted modernism. The revolutionary measures were imposed such as to dissolve the parliament, outlaw the "utterly rotten" politicians, imprison "corrupt unethical" businessman, dissolve and control union, and, in sum, build up the promise of a new society.

In the process, the military revolutionaries have been pursued the reterritorialization and deterritorialization of premodern Korean discourse by modern discourse. First, from the system of values and tradition, the factors that help strengthen the vertical obligation, obedience, and devotion of the subordinate were extracted and amplified. A modern Korean structural functionalism could be established. Second, from paternalism and sense of attachment to family, a sense of community of family as company and state is born where affection and benevolence are unquestionable immune prerogative of the patriarch where as the demand; request, claim, or complaint by the family member are unthinkable. The compliance is the norm of the virtue. Third, high value on education was maintained, but with the paradigm shift of orientation. Instead of metaphysical wisdom and ethics related literary works, more realistic problem solving and practical learning were sought. The education made a definite turn toward modern Western science for praxis. Fourth, reversal of existing basic system of value was attempted. Labor and profit making activities have long been disdained. The scholastic intellectualism without propensity for real action has been preferred. Easygoing mentality and lack of sense of rigorous timing and planning were overwhelmingly pervasive in feudal Korea. National campaign was launched to revalorize and reprioritize the deep-rooted philosophy and way of life; a new turn from utopian-moral-abstract intellectualism to practical materialism has been pursued. Fifth, a totally new system of value was im-

posed. The military in Premodern Korea, like China, but unlike Japan, had long tradition of being considered as a low status occupation. The military coup made not only the military the leading elite class of modern Korea, but also the military culture the most dominate and pervasive phenomena in modern Korea.

To deterritorialize and reterritorialize the social, political and economic system of the whole nation, a kind of Cultural Revolution has been attempted. New set of value, such as Yankee "can-do-spirit", "successful accomplishment", and Western "rationality" has been put forward as of prime and imperative importance in globalization. The hungry spirit of the Korean people was activated who suffered too much from foreign invasions and occupations, the civil war, and inaction of the previous government. A subtle use of the threats from the communist North Korea and the national rivalry against more advanced and powerful ex-colonialist Japan helped national mobilization during the Cold War, until the collapse of the Soviet Union in 1990. It's a paradox to see Korea lead to modernism by general Park Chung Hee trained in Japanese military academy and served as officer in the colonial Japanese army, and follow the model of development Japan has adopted fifty years earlier during the Meiji period (1898-1912), model of industrialization from above by a strong bureaucracy formulating, supervising and implementing policies.

Beneath the bright side of "the miracle of Han River", the side effect of totalitarian military rule has been accumulated. The dark side of Park Chung Hee paradigm of modernization began to overshadow the economic performance and improved material condition of life. The fundamental question raised has been: to what extent the human rights and democratic value of the society continue to be suppressed on the name of economic development and defense against the communist threat? Can the paradigm of autocratic military industrialization be valid even though Korea approaches level of US\$ 10,000 per capita GNP and the world evolves toward more enhanced democracy, autonomy, initiative, creativity, and open competition? Autocratic military discourse of modern Korea has faced more emancipative and less exploitative aspiration of Korean people and more self-actualizing, creative and open-competitive era spirit of the 21<sup>st</sup> century. Modern Korea, hitherto example of a successful mix of premodernism, Western industrialism, and military dictatorship, was challenged to make a new paradigmatic turn. In the next section we introduce even more postmodern aspects of globalization that interact with the history of Chaebol's development

### ***Postmodern Discourse***

There are many postmodern discourses. These range from the extreme positions of Baudrillard (rejecting real in favor of simulation and implosion), Lyotard (rejecting all grand narrative in favor of networks of local ones) to more critical postmodern approaches Best and Kellner (1991, 1997, 2001) that integrate the work of Marx and the spectacle writing of Guy Debord, and work by Jameson (1991) that focuses on a neo-Marxist merge of critical theory with late postmodern critiques of capitalism. We have already made extensive use of Deleuze and Guattari (1987) and their version of critical postmodern (which is very much the stable of Hardt & Negri, 2000). There is a distinction between postmodern and critical postmodern theories. Many outside postmodern philosophy conflate complexity theory with postmodern, staying narrowly focused on self-adaptive, emerging networks across self-managing teams or other units, as a postmodern system. Next we will give brief overview of the origins of the highly disputed and controversial concept of 'postmodern organizations,' and then develop the more critical postmodern differences.

**How can we trace the historical evolution of the postmodern organizational perspective?** The first approach to postmodern organization based on the idea of an era's displacement of a previous era was developed by Drucker (1957, 1990), who saw postmodern organization as realized in a Cartesian paradigm shift from industrial to postindustrial information networks. However, Drucker's formulation can be criticized as being nondiscursive and dualistic (Boje & Dennehy, 1993).

A second application of a non-era-based postmodernism (i.e. shift from epoch to epoch) to organization theory was begun in a series of articles in *Organization Studies* journal by Robert Cooper and Gibson Burrell in 1988. Clegg (1990), in *Modern Organizations*, has done the most to develop a non-era perspective on postmodern organization.

There have been numerous books and articles proclaiming the postmodern organization; yet many remain unconvinced. In Table 1, we organize some of the dialog about postmodern organization on two dimensions. Vertically, those that take affirmative (there is postmodern organization) or more skeptical positions (no, there is not); horizontally, those that take episodic and more epistemological positions.

Affirmative postmodern organization theory writers would include Bergquist (1993); Boje and Dennehy (1993); Boje, Gephart and Thatchenkery (1996); Hatch (1997); and Hirshhorn (1997). Mostly these writers stress the convergence of complexity theory and postmodern, focusing (as stated above) on emergent self-organizing networks across self-managing teams. Hardt and Negri (2000) point out the weakness of postmodern philosophy of Derrida, Lyotard, and Baudrillard when doing more global forms of analysis, since the critiques of fragmentation, boundary-crossing, etc. do not deal with the material consequences of globalization.

At the skeptical end of the spectrum, in organization studies, in Table 1, Hassard and Parker (1993), Thompson (1993), Parker (1993), Alvesson and Deetz (1996), and Kilduff and Mehra (1997) dismiss any so-called "postmodern organization" and "episodic" research, there are no such enterprises, and shifts are works of historical fiction<sup>1</sup>. Thompson (1993: 188) calls postmodern organizations "nonsense"; Parker (1993: 212) views them as "a distraction from rigorous research" and unreflective "in regard to cultural elitism and modern conditions of power" if it does not include critical theory (p. 211). Even Alvesson and Deetz (1996: 192) who call for an integration of critical and postmodern theory, say there is "little is to be gained by ... talking about postmodern organizations." Sightings of postmodern are important, since if we are to propose a critical postmodern rendition of Chaebol, we need to understand the critiques and the apologetics.

Table 1

#### The Contested Terrain of Postmodern Organization Theory

	Episodic Postmodern Organization Theories Of Modernity-Postmodernity	Middle Ground Theories	Epistemological Postmodern Theories of Modernism and Postmodernism
Affirmative Postmodernism Theories	Postmodern ways of knowing can offer solutions to organizing – Bergquist (1993); Hatch (1997). There are postmodern organizational forms.	Postmodern approaches can appreciate potentialities – Hassard (1993); Gergen (1989,1992).	Postmodern organizations are not independent of modernism – Cooper & Burrell (1987).
Middle Ground Postmodern Theories	Postmodern organization has potential but needs to be deconstructed to prevent modernist appropriation; Each organization is a hybrid of premodern, modern, and postmodern episodes – Boje & Dennehy (1993).	There are multiple postmodern perspectives that give different viewpoints – Boje, Gephart & Thatchenkery (1996); Boje (1999b).	Contemporary management and Organization Theory texts do not attend sufficiently to issues of class, race and gender – Mills & Simmons (1995).
Skeptical Postmodernism Theories	The transition from Fordism to Post-Fordism does not obviate the framework of power – Clegg (1990); Boje (1998 a to g, 1999a).	The violence of capitalism to the peasantry has been ignored by management and OT – Burrell (1997).	Theorizing postmodern organization forms is a naïve distraction and delusion – Parker (1993); Thompson (1993); Hassard & Parker (1993); Alvesson & Deetz (1996); Kilduff & Mehra (1997).

#### *Is there a shift from modern to postmodern epoch?*

An episodic position in philosophy, such as Modernity-Postmodernity eras (Best & Keller, 1991, 1997), says that there have been such major shifts in technology, information access,

<sup>1</sup> The work of "self-declared organizational postmodernists" (Kilduff & Mehra, (1997: 454, footnote 1).

global markets, multinational corporations, quantum physics models of science, etc. that a paradigm shift has occurred. Organization theorists in the early 1990s began to see possibilities for postmodern organizations. Bergquist (1993: 17-18) and Hatch (1997) say, "yes, we can see them now." Clegg (1990) and Boje and Dennehy (1993) say "no, but if a postmodern organization is here it has a particularly dark side." Burrell (1997), in inviting postmodern theory into organization studies, privileges an epoch shift position. Burrell (1997: 16) takes an epoch position: "modernity in its late or postmodern phases questions bureaucratic organization and its legitimacy almost as much as it was interrogated in those far-off pre-modern times before industrialization." We believe there has been too much of the positive post-industrial thesis embedded in the work of postmodern organization theorists. We see merit for trying to identify postmodern organization forms, be they more affirmative or operating on the darker side.

On the other hand an epistemological postmodern theory, such as Modernism-Postmodernism (Best & Kellner, 1991, 1997, 2001) either denies vehemently that such a shift occurred or ignores episodes in favor of epistemological representation, aesthetic and cultural style critiques. The epistemological postmodern position is hostile to affirmative postmodern organization writers. The disagreement is over material and empirical conditions of the labor process that relativist epistemologies of some postmodern philosophers (e.g. Baudrillard, perhaps Lyotard) seem to exclude. Thompson (1993), for example, critiques postmodern organization writers such as Gergen (1992), Morgan (1990), Burrell (1988), Clegg (1989) and Townley (1990) for buying into a Baudrillard postmodern theory of representation that levitates the sign from material conditions of wealth, privilege, and power. Throughout, our answer to this dilemma (Table 1) is that there are not pure forms of premodern, modern or postmodern (epochs of organizations) and that what we find are hybrids (Boje, 1995; 2001; Best & Kellner, 2001; Hardt & Negri, 2000). We therefore turn to a hybrid theory to analyze what we see as a hybrid condition of Chaebols.

### ***Critical Postmodern Discourse***

"Critical postmodern" theory would recognize the multiplicity and multi-dimensionality that makes up our organizational and consumer experience of ambiguity, conflict and discontinuity, and can inform more useful ways of working and thinking in this postmodern age (Boje, Fitzgibbons, and Steingard, 1996: 64).

Critical postmodern is the nexus of critical theory, postcolonialism, critical pedagogy and postmodern theory. It is a growing field of study that is moving beyond the supposedly "radical postmodern" positions of Lyotard and Baudrillard by recognizing the interplay of grand narratives of modernity with the spectularity of virtuality and hyper-competitiveness that is the basis of global predatory late modern and postmodern-capitalism, and the new forms transcorporate-empire, the postindustrial supply and distribution chains addicted to sweatshops, wedded to postmodern identity-formation through the age of virtuality and advertising, such that we no longer discern real from phantasm. Some postmodern theory is conservative and neo-liberal, so "radical postmodern theory" is not a tautology<sup>1</sup>.

We prefer Guy Debord (1967) to Baudrillard, and seek to combine Marx's focus on the material conditions with the spectacle theatrics of late capitalism, as the basis of critical postmodern theory. As illustrated above, we also make frequent use of Deleuze and Guattari's (1987) theory of rhizomatics, the territorialization, deterritorialization, and reterritorialization that accompanies globalization, be it Imperial or Empire (to use Hardt & Negri's (2000) distinction). The spectacle socially constructs narrative characters, plots, and scripts outcomes that are produced via power holders defending corporate and State economic interests. Table 2 gives a useful synoptic view in this regard.

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<sup>1</sup> Conversation with philosopher Steve Best, June 21, 2001.

Table 2

## Varieties of Postmodern and Critical Postmodern Theories

	Postmodern Theory	Critical Postmodern Theory
Philosophy	<ul style="list-style-type: none"> <li>• Baudrillard (1983) simulacra</li> <li>• Lyotard's (1984) Death of Grand Narrative</li> <li>• Derrida's (1976) deconstruction</li> <li>• Harvey's (1989) post-fordism</li> <li>• Bauman's (1993, 1995) fragments of discontent &amp; postmodern ethics<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Jameson's late postmodern capitalism</li> <li>• Deleuze &amp; Guattari's (1987) Rhizomatics of reterritorialization</li> <li>• Debord (1967) Society of the Spectacle</li> <li>• Best &amp; Kellner's (2001) postmodern spectacles</li> <li>• Foucault's (1979) panopticon and carceral networks of power</li> </ul>
Organization Theory	<ul style="list-style-type: none"> <li>• Cooper &amp; Burrell's 1989) series on postmodernism</li> <li>• Kilduff's (1993) deconstruction of March &amp; Simon</li> <li>• Martin's deconstruction of sexism</li> <li>• Bergquist (1993) complexity approach</li> <li>• Cilliers (1998) complexity approach</li> </ul>	<ul style="list-style-type: none"> <li>• Burrell (1997) Pandemonium</li> <li>• Alvesson &amp; Deetz (1996) call to integrate critical theory with postmodern theory</li> <li>• Boje (1995) Disney as Tamaraland study</li> <li>• Boje, Gephart &amp; Thatchenkery (1996) ecological focus of postmodernism</li> <li>• Hardt &amp; Negri (2000) application of Jameson &amp; Deleuze &amp; Guattari (1987) to Empire</li> </ul>

In a 'Critical Postmodern Manifesto' Boje, Fitzgibbons, and Steingard (1996: 90-1) argue that critical postmodern theory is about the "play of differences of micropolitical movements and impulses of ecology, feminism, multiculturalism, and spirituality without any unifying demand for theoretical integration or methodological consistency." Critical postmodernism is theorized as a mid-range theory exploring the middle between "epoch postmodernism, epistemological postmodernism and critical modernism" (p. 64). Critical postmodern theory is epochal in the sense that there is a postmodern turn (Best & Kellner, 1997) from modern to postmodern, but it is still in its infancy (Boje, Fitzgibbons, & Steingard, 1996: 64). "Critical postmodernism is a radical disjunction from the systemic modernism discourse" of Taylorism, reengineering, and structural functionalism. Critical postmodernism is also "a play of differences of the micropolitical movements and impulses of ecology, feminism, multiculturalism, and spirituality without and unifying demand for theoretical integration or methodological consistency" (p. 90). Critical postmodern theory is a middle between critical modern, critical pedagogy, critical feminism, critical hermeneutics, critical-ethnomethod, critical-ecology, and post-colonial theories (p. 90-91). Where there are "as yet, no postmodern organizations" there are examples of postmodern discourse embedded in the play of differences (*Tamara*) of premodern, modern, and postmodern discourses at Disney, as well as Nike (Boje, 1995, 2001b, c). And in the postmodern turn as well as the postmodern adventure of postmodern warfare in the Gulf War, and the new war on terrorism, there is a dark side to postmodern, that is missed by non-critical approaches to postmodern (Best & Kellner, 2001; Boje, 2001d, e).

The critical postmodern approaches incorporate a concern with how systems of ideas affect the material condition. For example in the *Tamara* Manifesto Boje (2001a) is concerned with how we can explore the interplay of critical theory, critical pedagogy, and postcolonialism, and their relationship to critical narrative approaches.

We see ourselves as consumers of grand narratives, as complicit in the working conditions of labor in the global supply chain. We diverge from postmodern theories that seek to limit being to what is "socially constructed". Social construction theory (or interpretivism) is what many think of as postmodern, and that is dangerous, since it leaves out any consideration of the material conditions of the political economy.

<sup>1</sup> Bauman, Zygmunt (1993) *Postmodern Ethics*. Oxford: Blackwell Publishers.

Bauman, Zygmunt (1995) *Life in Fragments: Essays in Postmodern Morality*. Oxford: Blackwell Publishers.

We view a more critical postmodern perspective as a direct answer to this challenge. We also argue that there are middle range, and integrative positions. Parker than Hassard (1993) and Alvesson and Deetz (1996) situate postmodern as an epistemology, not an epoch, such as in reviews of the field by Cooper and Burrell (Cooper & Burrell, 1988; Cooper 1989; Burrell, 1988) or as a postmodern organization (Boje & Dennehy, 1993; Bergquist, 1993). We agree with our colleagues, that there is a dark side to the postmodern that needs to be accentuated in developing any postmodern organization theory. For example, a neglected form of postmodern organization, is the 'virtual corporation'; this postmodern organization has a central core of privileged executives and staff, with a periphery networked by subcontracts to sweatshops, such as Nike & Disney, or by off-the-balance sheet partnerships to hide assets and liabilities from investors, such as Enron (Boje, 1999a, b; 2000a, b; 2001a, b, c; Boje & Rosile, 2003a, b). We have come to conclude (1) postmodern organizations have dark sides, (2) should not be confused with complexity or other forms, and (3) unlike our critical theory colleagues, we say they do exist in hybrid intermingling with other forms.

Bergquist (1993), Cole (1997), Boje and Dennehy (1993) and Boje (1995, 1998 a to g, 1999) argue that there are postmodern organizations. These theorists differ, in positing a dark side. Boje and Dennehy (1993), Boje (1995), and Hatch (1997) argue that there is a dark side to the postmodern organization that more affirmative approaches such as Bergquist (1993) have overlooked, focusing only on the affirmative aspects of flexibility in complexity and network forms. Hatch (1997: 46) is very positive and hopeful about postmodern organization. She affirmingly sees in the postmodern organizations the possibility for "... greater levels of participation by marginalized members of organizations such as women, racial and ethnic minorities, and the oldest and youngest employees."

Less critical postmodern organization approaches would include the complexity/chaos school of organization studies. Chaos is defined as "the irregular, unpredictable behavior of deterministic, non-linear dynamical systems" (Hillon, 2001). Chaos is fast replacing bureaucracy as the new science of organizations. The idea is to disrupt bureaucratic hierarchy with flexible, self-organizing networks or self-managed teams. These 'chaos organizations' have self-organizing, emerging components that co-evolve as adaptive network. Chaos organizations are a network of individual team or units who have the freedom to connect and reconnect in ways that map complex and turbulent environments.

Bergquist (1993) is an example. The book contains all that is affirmative about postmodern ideas. It covers empowerment, complexity and chaos theory. But, the book does not do skeptical critique. It sees the world as a mix of premodern, modern and postmodern OT. As Conner (2000: 18) puts it: Running a corporation that survives and thrives at the edge of chaos has become almost a full-time job. Mergers and acquisitions are creating strange bedfellows, the market is becoming more sophisticated, and the very nature of our businesses is shifting. Some leaders are questioning their abilities to remain competitive in a market where disruption is the norm.

Galbraith (1994), while not using the term "postmodern" developed a "flexible lateral" model of organizations that is similar to Bergquist. The lateral organization (1994: 6, italics in original) "is a *mechanism for decentralizing general management decisions*." Examples of lateral organization include Cathay Pacific (a Hong Kong airline), Dow-Corning (a matrix organization), Terminals Division of Hewlett-Packard (with concurrent design and networks across teams).

We would like to give some concrete examples of organizations that could be considered as critical postmodern. In this way we make a link between the theoretical perspective and the organizational world. This would have the value of making critical postmodern a more operational and less ideal, metaphysical and pedantic model. There appear to be two options, as suggested in Table 1: (1) to treat critical postmodern as an epistemological theory to use to assess organizations; (2) to take an episodic approach and identify specific organizations. The key question is what are the criteria and dimensions that would comprise either option. And, how do we differentiate (by what methodologies) critical postmodern enterprises that are on the light or the dark side?

Above, we identified some of the firms that have been called postmodern or complexity organizations, be they shape-shifters, or networking organizations. This list includes Telenor, Cathay Pacific (a Hong Kong airline), Dow-Corning (a matrix organization), the Terminals Division

of Hewlett-Packard (with concurrent design and networks across teams). We could add Oticon to this list (Søndergaard, M. & Døjbak, D., 1998). This Denmark company was founded in 1904 by Hans Demant, to help the hearing impaired. In the 1990s Oticon designed an open, paperless, flexible office environment, similar to Telenor. Oticon refers to its knowledge-based enterprise, as the "Spaghetti -organization." It is described on the company website as "the world's first knowledge-based 'spaghetti' organizations... a flat, dynamic structure well suited for the realization of ideas." Like Telenor, it uses numerous project teams (or groups) involving people of varied backgrounds and skills, in large open and flexible offices, who change desks by situation, and are networked by advance IT infrastructure. While Telenor, Oticon, and various divisions of Dow-Corning and Hewlett-Packard are certainly flexible and self-organizing, there are key dimensions missing, before they could be called 'critical postmodern organizations.'

Bean and Hamilton (2003) write about the shape-shifting (also Bean, 2003: 14), learning organization using Norway's 'Telenor' corporation as their example. Shape-shifting, like the 'flexible' model of Galbraith, combines flexible work patterns with knowledge workers, and complexity self-organizing network forms of coordination and participation. Telenor goes a step further and includes flexible work spaces, as a role "virtual work" model for post-industrial capitalism. According to Bean (2003: 22), "at Fornebu, the new consolidated headquarters, Telenor emphasizes communal use of space, increased collaboration and knowledge sharing, hot-desking and accompanying nomadic work activity practices, mobile information and communication technology platforms, and open and flexible workspace design." Virtual work according to Bean (2003: 2) "is ever more pervasive and prevalent in firms seeking to flex and change to survive." Virtual work includes a focus on nomadic workers, who float physically in desks on wheels or share desks with others (i.e. 'hot-desking'), and are digitally anchored by cell phones and wireless lap tops to the firm. Virtual teams have been described as "Protean" by Shockley-Zalabek (2002).

These fluid forms of organizations, be they lateral networks, edge-of-chaos, Protean, or shape-shifting, we refer to as the "complexity organization." The darker side of the complexity organization can be seen in a recent development at Telenor Corporation; they downsized 15% of their workforce in Oslo (Bean & Hamilton, 2003: 3).

A more middle ground position between complexity organizations and the darker side of postmodern is Cilliers (1998). Cilliers relates complexity theory to postmodern organization through Derrida and Lyotard. He argues that ethical practices can be enhanced by focusing on the dialogical communities that embed particular organizations.

Postmodern theorists challenge modernist constructions that elevate the impersonal, functional and mechanical social order over the personal and in some instances more premodern spiritual discourses (Best & Kellner, 1991). Postmodernists frequently adopt Nietzsche's concept of "difference" -- the recognition of indeterminacy, what Lyotard (1984) called the "search for instabilities" -- and Derrida's deconstructive method (1976, 1981).

Best and Kellner accused postmodernists of being one-sided, as pointing out "fragmentation (Lyotard) or implosion (Baudrillard) while neglecting, with some exceptions, to properly conceptualize either totalizing forms of domination or resistance to them" (1991: 223). There are many postmodern theories, and one errs in lumping speaking of one postmodern theory. As Rosenau (1992) theorized, some postmodernists make affirmative assumptions, and others make skeptical assumptions. The former ("affirmatives") posit that it is possible to move beyond exploitation by framing organizations in nonhierarchical and nonpatriarchal metaphors, such as webs and networks. Affirmative postmodern discourse elevates equality, democracy, ecology, and multiplicity and has roots in modern and even premodern models (Toulmin, 1990). Alternatively, there are postmodernists who are very skeptical of all modernist enlightenment and progress discourse. Again, there are many forms of postmodern discourse, and the one we will focus upon is "critical postmodern," a marriage of critical theory and postmodern theory."

There are several important middle range positions. Gephart (1996) for example, takes a mid-range position that here is a material condition of ecology and the degradation or entropy of planet resources. Gephart seeks to de-reify how environment is constructed in modernist OT texts and to show how environmental sense making is inherently political (1996: 208-9). The point is these are very contested issues. Burrell (1997) has some middle ground. He is episodic in his ge-

neological construction of a pre-modern, pre-Enlightenment history of organization theory (Burrell, 1997: 27). He is also skeptical, seeing "modernity in its late or postmodern phases," but with OT still in the grip of Right Weberian" (p. 16).

The skeptical postmodern organization theorists have called upon the affirmative postmodernists to look upon the dark side of postmodern (Thompson, 1993; Parker, 1993). We see critical postmodern as just such a glance. This can be seen clearly in Korten's (1996, 1999) books about corporate hegemony. He is calling for citizen participation in corporate governance. In this approach local communities could petition to have corporate charters revoked, particularly corporations that continue to do ecological and social damage. Numerous citizen activist groups are beginning to take on corporate power. The recent demonstrations against World Trade Organization in Seattle and more recently against the World Bank are examples. But, there is also a growing "corporate charter" movement, which asserts that the founding fathers of the U.S. constitution had local control over corporate greed and mayhem. They argue that unbridled global capitalism is not always healthy for the local economy. In sum, Korten contends that multinational corporations use public relations spin control to mask themselves as responsible corporate citizens.

The darkest side of postmodern organization is the 'virtual corporation.' A virtual organization is where a core of a few full time people with total benefits lord it over the part timers, net-slaves (those commuting to work through computer hookup), and subcontract sweatshops in other countries with no benefits at all.

In the next section we'll examine more critical postmodern perspectives that we apply to Chaebol reform.

### 3. Critical Postmodern Options for Chaebol

In particular, the governance and sustainability and human rights aspects of Chaebol must be considered here. Besides flexible structures, Korean chaebols need to deal head on with the issue of corporate control, corporate charter, and restructuring. This speaks to the difference between postmodern and critical postmodern theory; the former focuses upon flexibility and limited forms of human resource empowerment, the later focuses on the issues of democratic governance, labor process, and surplus value.

So far, rather than theorize that the premodern era was overtaken by modern and that humankind is now participating in the birth of the postmodern era, we have taken a different track. We have focused on the active-reactive quality of premodern, modern, and (critical) postmodern discourses. Our thesis is that production practices began to struggle with modernist ones, and more recently postmodern socio-economic polyglots (multi-lingual discourses) in the current enterprise formation known as Chaebol. Chaebol is a Korean conglomerate of multiple companies clustered around several "parent/seed" firms. The founder owns the majority of shares of "parent/seed" firms, which establish clustered firms by joint investment, so that ultimately the founder/owner dominates shareholder control of the whole network of firms, and reigns as absolute monarch.

Korean organizations have not made the complete turn from patriarchal premodernist craft and apprenticeship systems to authoritarian modernist command and control bureaucracies or to postmodern multivoiced and differentiated concerns. All three discourses, premodern, modern, and postmodern, are now intertwined in the Tamara-land of contemporary Korean organization.

Chaebols are the product of Korean path dependency theory, i.e. successful mix of modern industrialism, military dictatorship and premodern traditional values specific to Korea. Chaebols have been main engine and the supporting pillar of Korean past success. The question we address next is how to transform and otherwise reterritorialize and deterritorialize the Chaebols.

It can be said that there has been an admirable dictatorship and an effective chaebol in Korea. But military dictatorship has faced growing resistance and chaebol became more and more the object of acerbic criticism. The façade of Chaebol has been cracking, but significant reforms have not been realized. Chaebol needed the self-innovation of creative destruction. The U.S. has had a role in sustaining autocratic regime and chaebol practices. General President Park Chung Hee, chief of the military coup of 1961, initiator of industrialization, turned into despotic dictator, protégé of the U.S., was assassinated in 1979 by his CIA chief after having faced increasing de-



mand for democratization. The U.S. had adopted the policy of non-interference as far as Korea stands well as bulwark against communist threats from North Korea, China, and Soviet Union.

Chaebol, grown under protection, support and favoritism of the military dictatorship government, began to concentrate economic power beyond government controllability to expand the sphere of influence from economy to social, political, and cultural area. Even omnipotent dictator proved to have only a limited reign, but Chaebol seemed to build up a perpetual feudal fief or absolute monarchy in modern industrialized Korea.

Chaebol has not passed; it continues to seize by all ways and means every new business opportunities, with resulting consequences of accumulation of massive amounts of debt and having extremely diversified non-related business sector. All major Korean chaebols have huge debt problem and similar disparate composition of business domains and activities. Debt-to-equity ratios commonly range between 500 and 800, sometimes higher (Akaba, Y., Budde, F. & Choi, J., 1999: 69). The main drawback of "octopus arm shaped" and "general grocery" type business diversification is the lack of specialization on national level and the resulting weakness of competitiveness on global level. It was imperative to put an end to the devouring territorial expansionism and to restructure the panoply of disparate business activities in line with the core competencies.

Chaebol could make a successful turn from an obedient, loyal, executive tool of economic development to major economic actor in developed economy with measured political, social, and cultural role. But the consolidation and expansion of chaebol power became the object of growing concern and criticism in Korea, and it may yet unravel and reconfigure.

A series of critics have been raised regarding the *raison d'être*, pattern of behavior and possible resulting negative consequences. First, chaebol was criticized for its premodern absolutism. A feudal fief or absolute monarch like corporate system denotes that the modern corporate law and the sovereignty of the state as well as democracy stop at the gate of chaebols: the founder exercises uncontrollable omnipotent power, the power is inherited to his family heir, and the will, words, and gestures of the founder imply absolute meaning and significance. Second, Chaebol has maintained premodern concept of the corporation and structure of interrelationship between member companies. The modern concept of corporation as public and going concern gave way to the premodern concept of private property. The absolute subordination of all the resources, material as well as human, is in vigor. It took the power of the customary law subduing the positive law that the shares owned by seed companies owned by the majority shareholder belong to that shareholder. This acceptance, confusion, and assimilation of shares owned by an individual person and by an incorporate body have constituted the pivotal mechanism by which the founder could have full control of all affiliate companies with only about 5% of the total share of the conglomerate. In addition to this distorted concept of ownership, the interconnected ownership structure of chaebol contains the mortal vulnerability of the whole conglomerate to the external contingencies and threats in the sense that one endangered member company can contaminate the danger to whole affiliate companies. In addition to the cross ownership, the member companies are interrelated by cross debt guaranties and by illegal internal transactions. Third, chaebols have also been criticized for their "blind focus on capacity expansion, dependency on short term debt and cut-throat competition between them" (Akaba, Budde, & Choi, 1998: 69).

The moratorium crisis of 1997 was considered as blessing to Chaebol and Korean economy. Chaebol and Korean economy have been the slave of their past successes. The Korean way of realizing economic miracle has provoked interests and even envy among developing countries. And Korea became OECD member country in 1976. This could give to the government and chaebol, two main driving forces and actors of the Korean miracle, a sense of self-fulfillment and justification to maintain the status quo and enjoy the oligarchic power accumulated through symbiotic partnership relationship for more than four decades. The success is for Korea the mother of failure. Otherwise that the two beneficiaries accept voluntarily the creative destruction of the status quo abandoning the existing power, it was impossible to force chaebol and Korean economy to make a new turn from repressive modern to democratic postmodern. The financial crisis created a forced momentum and opportunity for paradigmatic change. It implies that totally unexpected crisis brought about an unexpected favorable condition for change as blessing.

The fundamental question is: Could a critical postmodern turn be made to chaebol after four years of strong and incessant drive by IMF and the Korean government with the high support of public opinion? As a matter of fact the blessed opportunity couldn't bring about the blessed outcome. Also the chaebol reform has shown the limit of change or innovation by force and indictment. As Korean proverb says it's easier to bring the cow to the waterside, but it's impossible to make him drink. The chaebol strategy was to make the round back to avoid frontal hurricane of charge and reform, incapacitate all major reforms aiming at taking away existing prerogatives, and take away the substance maintaining the appearance for the measures introduced against chaebol's will. The blessed opportunity, due to the unwillingness and resistance of chaebol, could make neither a paradigm shift nor a postmodern turn (Kim, K.W., 2002). It has been a missed opportunity.

For Chaebols to become critically postmodern, they would have to be managed and organized in an entirely new way. This concerns in particular the reformulation of chaebols' *raison d'être*, along with the restructuring of ownership structure, corporate governance, and anachronistic concept of corporation. In this regard, a series of the fundamental questions could be raised.

First, how will it be possible to transform premodern absolutism and monarchism of chaebol into postmodern entrepreneurship? This implies finding out the answers to the vital questions of how to make a creative destructive change from hereditary empire into postmodern business group, and how to convert the chaebol founder and the founder's family into postmodern corporate owner or/and top management group.

Second, how will it be possible to take away premodern invisible supra-legal protective cover to make chaebol an empire of immunity inside Republic of Korea? The extraterritorial rights need to be abolished to give free ways to laws to be applied without exception. Chaebol "owner", commonly called "*chong-soo*", which means "the supreme leader" or "the commander-in-chief" in Korean and the conglomerate have no legal base. And the position such as Chairman or CEO of the conglomerate so familiar to the public has no legal entity. The all-powerful organization commonly called "Chairman's office", which assumes the politburo like centralized planning-coordinating-controlling role, depending directly to "*chong-soo*" has not any legal entity neither. Korea disposes of highly sophisticated and well-developed company laws which took account the Anglo-American and continental traditions of law. De jure, each affiliate company is assured of a fully independent legal entity. De facto, illegal "*Chong-soo*" and "*Chairman's office*" do reign and rule. It's primordial to put an end to this super real reality where the rule of force took precedence over well-established law.

Third, how will it be possible to transform premodern ownership structure into more transparent ownership structure and put an end premodern concept of and practice about ownership? The intricately chain-linked ownership structure between affiliate companies needs to be reallocated and realigned. It's time to put an end the widely practiced tradition of using the executives name to make them the shareholders of the affiliated companies on behalf of the owner but at the total ignorance of the person involved. The simplification and transparency of the ownership structure would constitute *sine qua non* for being world-class company. Also a more net distinction should be made between the shares owned by a person and by a company as juridical entity, and the modality of exercise of right incumbent upon private shareowner and incorporated shareholder.

Fourth, how will it be possible to break with the anachronic concept of corporation and adopt a postmodern concept of corporation? Korea has seen and experienced the rise, domination and perpetuity of the concept of corporation as a private property, where the owner exercise prerogative over all the resources – natural, material, even human – belonging to the company. This premodern concept could give rise to tyranny, despotism, illegality, corruption, injustice, vice, and dishonesty. The postmodern concept presupposes more democracy, de-differentiation, self-actualization, empowerment, creativity, entrepreneurship, non-discrimination, polyvalence, environmentalist, and flexibility. There are several options being proposed for the chaebol to be postmodern. These options can be put on the continuum going from incremental change to dismantling.

First, the chaebol could abandon being absolute monarch and get rid of illegality and break with lack of transparency. The most important for the chaebol owner is to secure legitimacy

in his status and role. The status of “owner” and the process of succession of rights and properties to his family as they stand cannot be continued. The derailment from the law and the fair business practice should be corrected. At the same time, it’s primordial that the owner and his family rebuild ownership of solid, transparent, and legally and socially acceptable nature. The distorted nature of absolute control with only 5% of personal share should pass away. The holding company, whose existence has been denied, has been legally permitted since 1999. The owner and his family are still hesitating before taking definite action to conform to the newly promulgated law and toward legal holding company. This would require the clean up and restructuring of intricately crisscrossed ownership structure between the affiliate companies and the abandoning of existing prerogatives for the chaebol owner. Once the legal and transparent ownership structure built and the deep root of unfair practices eliminated, the modality and degree of control and participation of family members over management and decision-making can be sought out (Akaba, Y., Budde, F. & Choi, J., 1998: 77-78).

Second, chaebol can move toward the separation of ownership and the management. Berle & Means, Chandler and Child have demonstrated the path followed by the U.S. and European countries (Berle, A.A., 1968; Chandler, A. D., 1966; Chandler, A.A. & Daems, H.; Child, J., 1969). This opens the way to the professionalization and the democratization of management based on the ability and competence and not on heredity or other arbitrary factors. The independence and autonomy of each company is of prime importance. This presupposes that the illicit and illegal interference by the owner is stamped out beyond the formally accredited role and responsibility by law. A critical postmodern organization is defined as a networked coordination among firms, which has some form of shared governance among its stakeholders. Chaebol meets the definition of networked firm, but not one which is democratically responsive to its stakeholders. A critical postmodern turn would de-hierarchicalize network relations, and establish wider forms of participation and autonomy. A critical postmodern form would extract control and interference and add autonomy and independence to the decisions of the firms in the network. This would still allow chaebols to pursue financial cross-subsidization and cross investment in joint ventures, and common strategy. This presupposes the reformulation of owner’s status, position, and role. Elaborate legal dispositions and modification of management system and practice are necessary to realize democratically coordinated postmodern network.

Third, chaebol may take a critical postmodern turn being more democratic and knowledge based. We can think of Oticon of Denmark (Fisher, W.A. & Blackmon, K., 1995; Kolind, L., 1994a & b), Telenor of Norway ( Bean, C.J., 2003 a, b & c), W.L. Gore & Associates (Gore, W.L., 1976; Flik, H., 1990; Harrison, L., 2002; Carter, R., 2002; Weinreb, M., 2003), Saturn (LeFauve, R.G. & Hax, A.C., 1993; Saturn Co., 1994), and Harley Davidson (Harley-Davidson Motor Co., 1996) of USA. Oticon and Telenor show the high end of the knowledge-based company. Gore, Saturn, Harley Davidson represent (partial, but not complete) democratic, polyvalent, and self-organizing way of being incorporated. All those companies show common characteristics of being multi-task oriented, individual initiative valued, highly ITgized, delayed, and of having democratically co-opted representative management system. Work place has a meaning of field of actualization of competence, initiative, and synergetic collaboration in making full and best use of high information technology transcending the traditional concept of work place, desk, working hour, task, role, hierarchy, supervision, performance, evaluation, compensation, rules, boundaries, etc. In order that chaebol take this model of postmodern turn, either voluntaristic or indictmental option can be considered. If a creative destructive entrepreneurial initiative of chaebol owner cannot be waited, dismantling by juridical means would be the only way out.

Fourth, a more critical postmodern network organization would reverse oligopolistic concentration and family management moving towards more democratic and open professional management and more of a worker-owned enterprise. This would give way to an explosion of employee’s initiative and entrepreneurial creativity. Two directions can be considered. One may take form of a starburst organization where new promising venture units spin out from mother company, where support, ownership, and autonomy are given to the intrapreneur who initiated to generate and develop the spinning out units (Quin, J.B., 1992: 146-151). The Thermo Electron Corporation has been based on the starburst model since its foundation in 1956 (Bailey, S. & Syre,

S.,1996). Each company belonging to the galaxy has autonomy and independence, and loosely coupled system of coordination and support. Here competence and initiative are considered as the most valued assets. The holding-mother company gives to intrapreneurial initiators necessary financial and other supports to make them own and lead the independent and autonomous spinned out companies. The other may take cooperative model. The Mondragon worker owner cooperatives are now attempting to engage in more global commerce. "The Mondragon Corporacion Cooperativa (MCC) began in the town of Mondragon in 1956 and has grown in its forty years of operation to include 160 employee-owned cooperatives, involving 23,000 member owners, with sales grossing US\$3 billion in 1991" (Boje, 1997)<sup>1</sup>. In order for chaebol to evolve towards Mondragon model, chaebol needs to be dismantled and turned into cooperative. It is unlikely that chaebol can be disarmed or "dismantled" without the power of general MacArthur, and be took over by workers without support of Korean public opinion generally not very favorable to the union and its participation in the decision making process of the company. Instead Semco could be a good example (Semler, R., 1995). Semco type revolutionary and creative destructive approach (Nolan, R.L. & Croson, D.C., 1995; Schumpeter, J.A., 1942: 81-86, 1991: 221-231) means that the owner refuses himself to be an absolute monarch and becomes a radical revolutionary to realize entire new model of management. That's what did Ricardo Semler to Semco Company in Brazil. Semco exemplifies and remains one of the most creative companies in the world in constant search for a better workplace.

### Concluding remarks

Korean chaebols to become more postmodern in their hybridity of premodern, modern, and postmodern organizing forms need to fulfill three conditions: a precondition, a necessary condition, and a sufficient condition. It's prerequisite to break with and eliminate the tradition and practice of illegitimacy. The *sine qua non* would be to secure independency and autonomy of the company and transparency and accountability of management. Then chaebol can be rebalanced with a bit more critical postmodern style. It is time to reterritorialize and deterritorialize the old paradigm of interorganizational governance, and open up and reituate wider forms of more democratic and equitable participation. For critical theorists and critical postmodernists, liberation from oppressive forms of governance is a paramount issue. Forms of inter-firm participation in the governance and management of chaebols, we believe can move beyond central control, and develop more participative forms.

The premodern traditions persist, but can be resituated in the postmodern phase of globalization: the tripartite communion and harmony between the heaven, earth and men; the devotion to the welfare of mankind; saving the world and relieving the people can be liberatory forces (if we do not take the anti-modern turn of eliminating all Enlightenment discourse). These traditions have constituted the main stream governing philosophy and the system of thought since the foundation of Korean nation, but are being transforms in the encounter with modernism. And premodern Korea has valued the most community of mutual aid, the born nature for fun, joy, amusement, enthusiasm and excitement. Confucian tradition implies, in addition to bottom up respect and obedience, top down obligation of care and affection and horizontal fraternity. Lost premodern tradition can find out the place of predilection for postmodern rebirth of chaebol.

Our thesis has been that the critical postmodern perspective of organization can provide a new breakthrough insight to Chaebols who have lost the capacity to co-evolve with and go ahead of the changing needs of the time. The critical postmodern perspective would help Chaebols recover more capacity for creative destruction and be a transformational force in a paradigmatic system change in Chaebol governance. It is more than the affirmative postmodern theories of self-organizing knowledge and complexity networks among forms and units. Rather, our critical postmodern proposal is that a new form of governance structure be encouraged in the chaebols. And we think that this form would have elements of both inter-firm shared governance that moves beyond central hegemony, and encourage local community level participation.

<sup>1</sup> Handout Boje 1997 <http://cbae.nmsu.edu/mgt/handout/boje/envlives/>

Specifically we think that a decentered network power approach that builds upon Foucault (1979) can be a way forward for Chaebol. By decentering the governance structure, wider forms of checks and balances and wider forms of participation in governance can reshape Chaebol. This has been demonstrated in a general analysis of Empire, but not been applied to non-Western forms of globalization, such as the Korean experience.

To bring this about will require the Korean government and Korean academics to continue to challenge death grip of centralized chaebol power and control. It will mean deconstructing and moving beyond the premodern aspects of familial control structures, as well as the central hierarchical models of modern Chaebol, into more shared governance. In this way we believe it is possible for the chaebol to develop a new consciousness, a new story of itself, as more than a centrist operation. The payoffs for Korea are immeasurable. We foresee that it could be possible for the chaebols to adapt its configuration to the economic and social needs of Korea, and develop something more a kin to 'fair market' capitalism.

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