
Addressing the structural challenges of
Korean economy via an open, safe and
collaborative culture without hierarchy

REDDAL

Nordic working culture and its role in Korean economy

Seoul, June 20, 2024

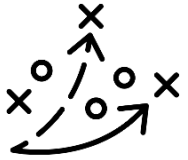
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Today's agenda

Presentation: Nordic working culture and its role in Korean economy			20.06.2024
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18:05 – 18:10	5 min	Challenges faced by Korean economy	
18:10 – 18:20	10 min	Nordic corporate culture and learnings from Nordic companies	Discuss the implications of Nordic corporate culture to Korean organizations
18:20 – 18:30	10 min	Discussion and Q&A	

Reddal supports your company across a range of business solutions on top- and bottom-line growth

Strategy



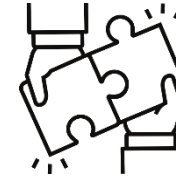
- Corporate strategy
- Business unit strategy
- Strategy review

Sales growth



- Go-to-market strategies for business units, sales subsidiaries, new products and services
- Pricing strategy

M&A and divestments



- Executing mergers and acquisitions
- Divesting business units
- Due diligence

Digitization



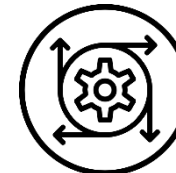
- Building digital businesses by combining data science, human-centered design and Lean Startup methodology

New business building



- Building new businesses from scratch or expanding into new areas

Transformation and turnaround



- Analytical planning, execution and guiding of large-scale change efforts

Financial performance



- Financial modelling and planning
- Capital structure optimization
- Providing flexible CFO and controller capacity

Productivity improvement



- Reducing waste and maximizing productivity by applying lean and six sigma principles

Program management



- Optimizing program governance, processes, tools and analytics

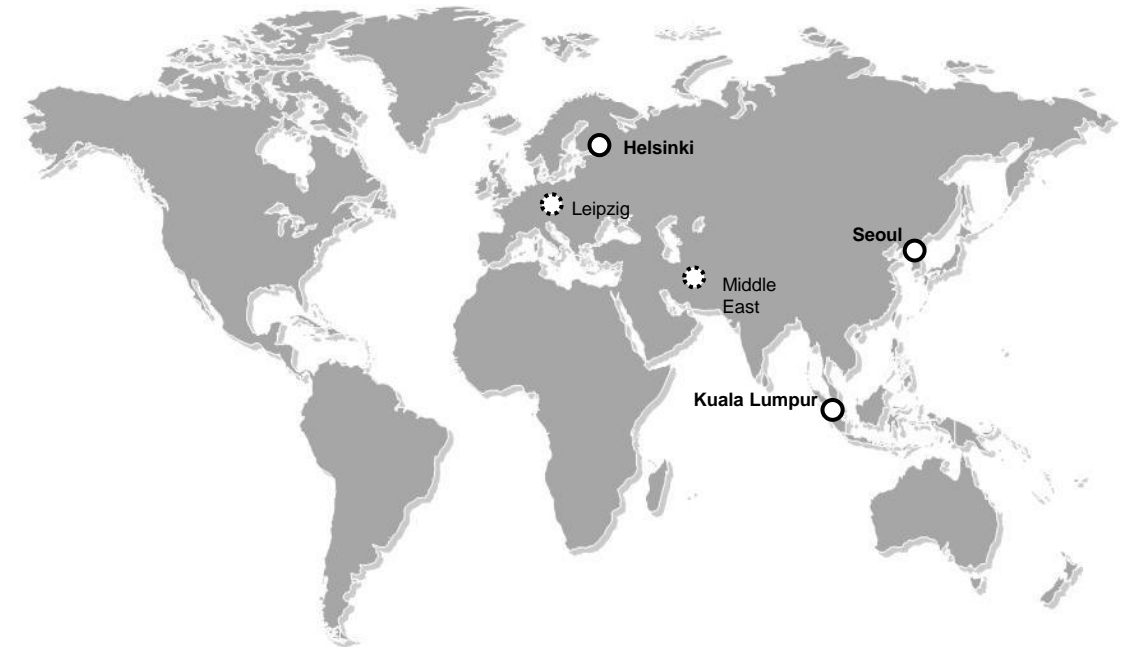
Diversity in educational backgrounds, cultural heritage and a shared drive for excellence guarantee fresh perspectives and highly skilled execution of our work

Global footprint

Our global offices are located in Finland, South Korea and Malaysia, and we have an operative presence in Germany and the Middle East. We have worked with our clients in over 40 countries worldwide.

A global and highly-skilled team with diverse backgrounds

Our team is truly global with over 10+ different nationalities and 15+ different languages spoken fluently. Diversity is a great asset to us not only in cultural heritage but also in educational backgrounds – our members come from economics, natural sciences, technology and engineering and various other study backgrounds. We are all united by a shared drive for excellence in analytical thinking, problem-solving and collaborative teamwork.



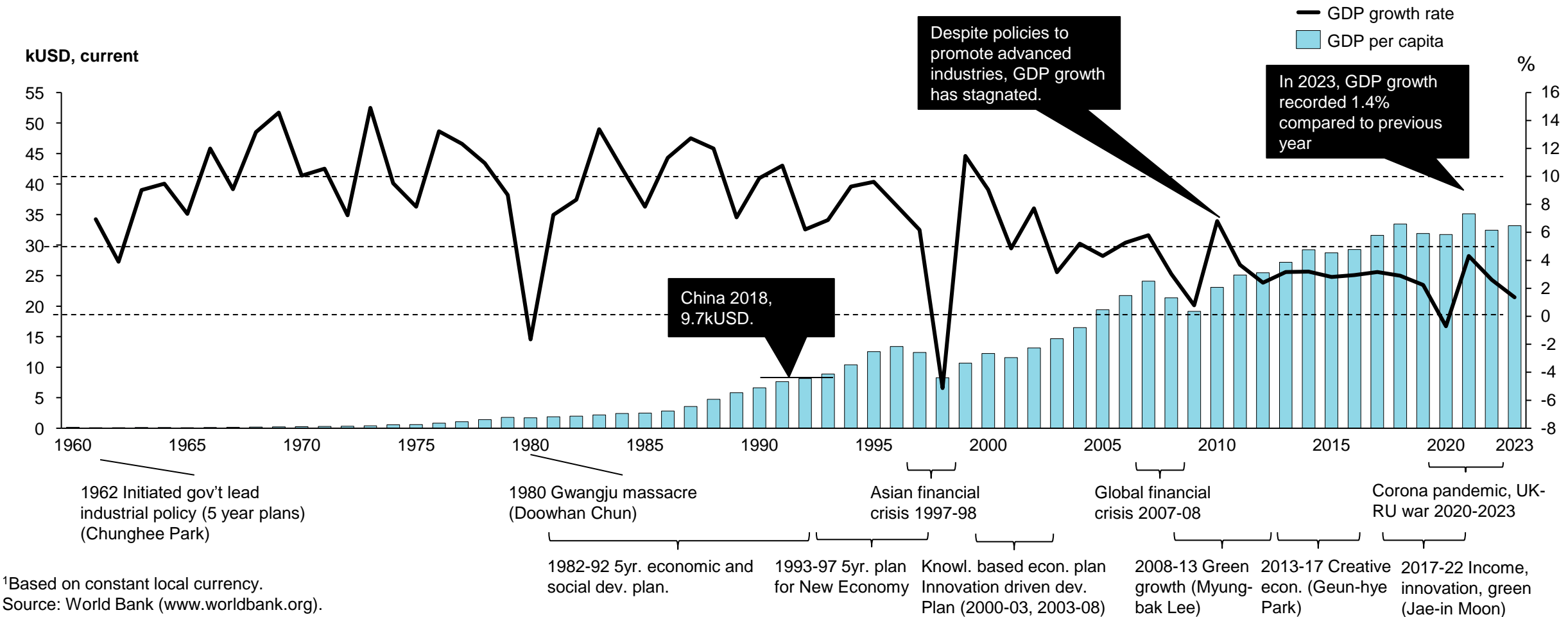
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South Korean growth is today only a shadow of what it used to be – the economy is facing significant challenges

GDP growth rate¹ and GDP per capita – South Korea (1960 - 2022)

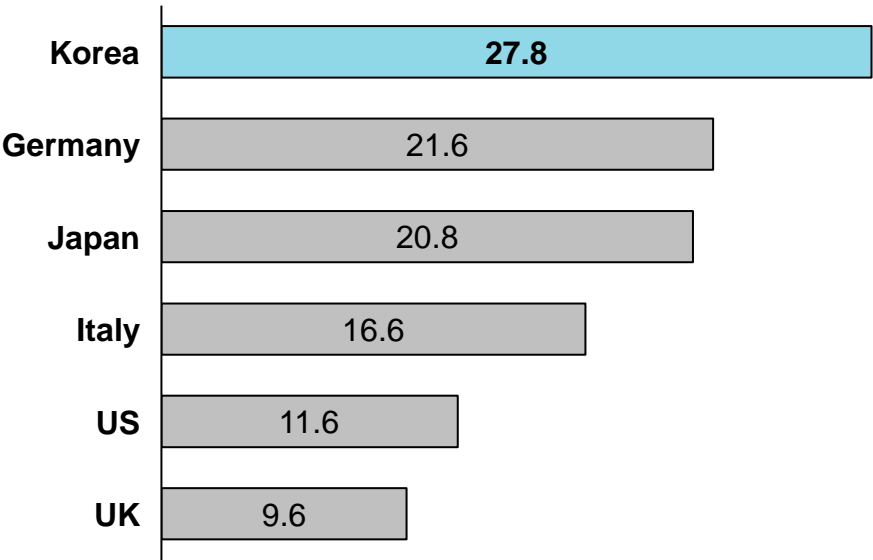


¹Based on constant local currency.
Source: World Bank (www.worldbank.org).

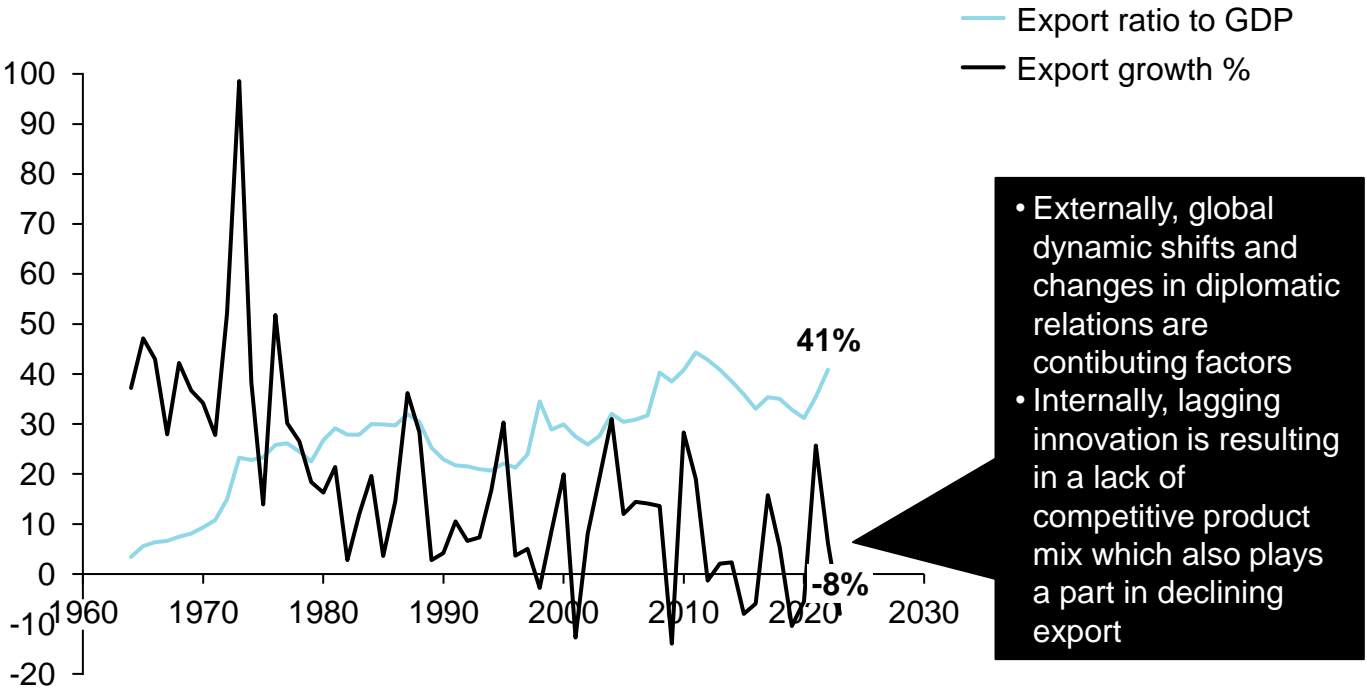
The Korean economy, traditionally anchored in manufacturing and exports, is now facing a downturn in its export performance

Korean economic structure

The share of manufacturing in GDP for major countries, 2023 (%)



Export ratio to GDP and export growth rate development (%)

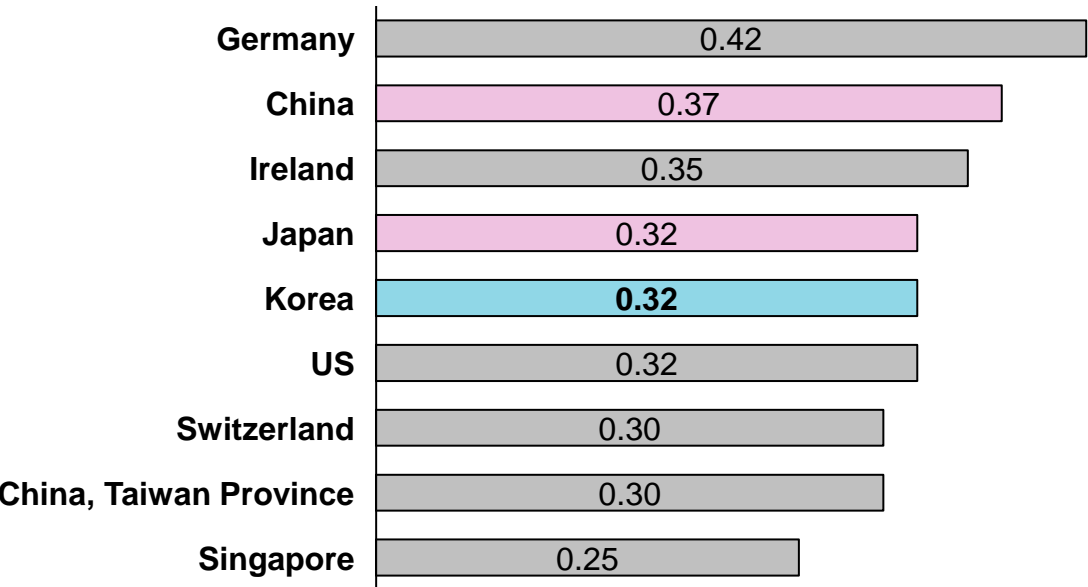


Source: Ministry of Economy and Finance, KOTRA, KOSIS

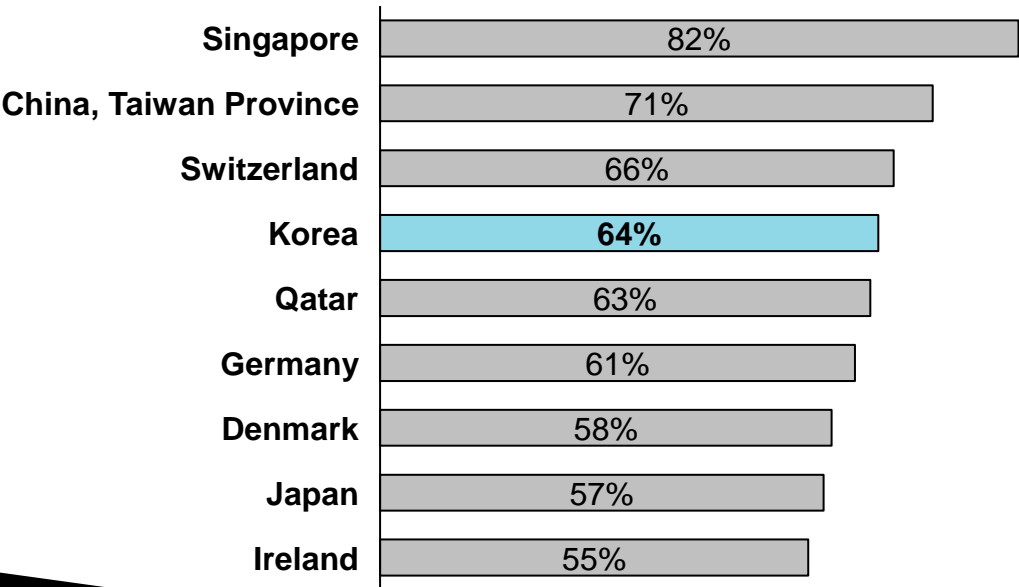
South Korea's comparative advantage shall lie in technology and design, not in resource intensive heavy-manufacturing, which will inevitably lose share to competitors in China

South Korea's position in manufacturing sector

Competitive industrial performance indexes (2020)



Medium- and high-tech MVA* share in total MVA (2020)



*Manufacturing value added
Source: United Nations Industrial Development Organization

• Overall, although Korea may lag behind Japan and China in general competitiveness, it excels in high-tech manufacturing, and it should fortify its position

By the 1980s, Nordic countries with a long history of relying on exports for their economic success, faced challenges similar to Korea today and found success by focusing on high-tech

Nordic shift to high tech in 1980s

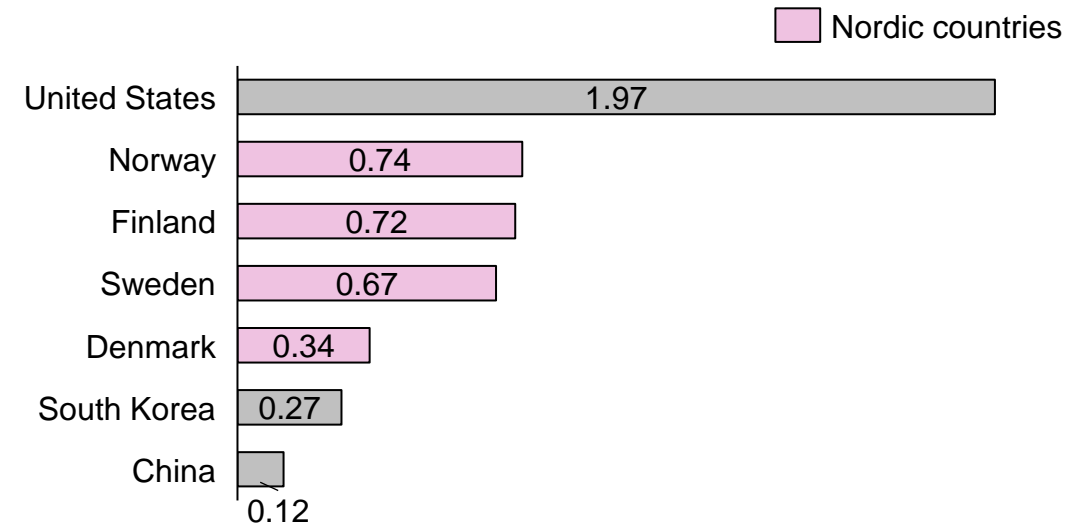
- Just like Korea, small domestic markets made exports essential for Nordic economic growth
- However, salaries stagnated in all developed countries by the 1980s, including the Nordics, unable to compete with cheaper labor abroad
- Meanwhile, the rich preferred investing in countries with lower taxes and wages
- To adapt to this new reality, Nordic countries shifted focus to high-tech and high-quality products
- Heavier investment in education, technology, infrastructure, and welfare in the Nordics increased willingness to take risks in innovative business



NOKIA



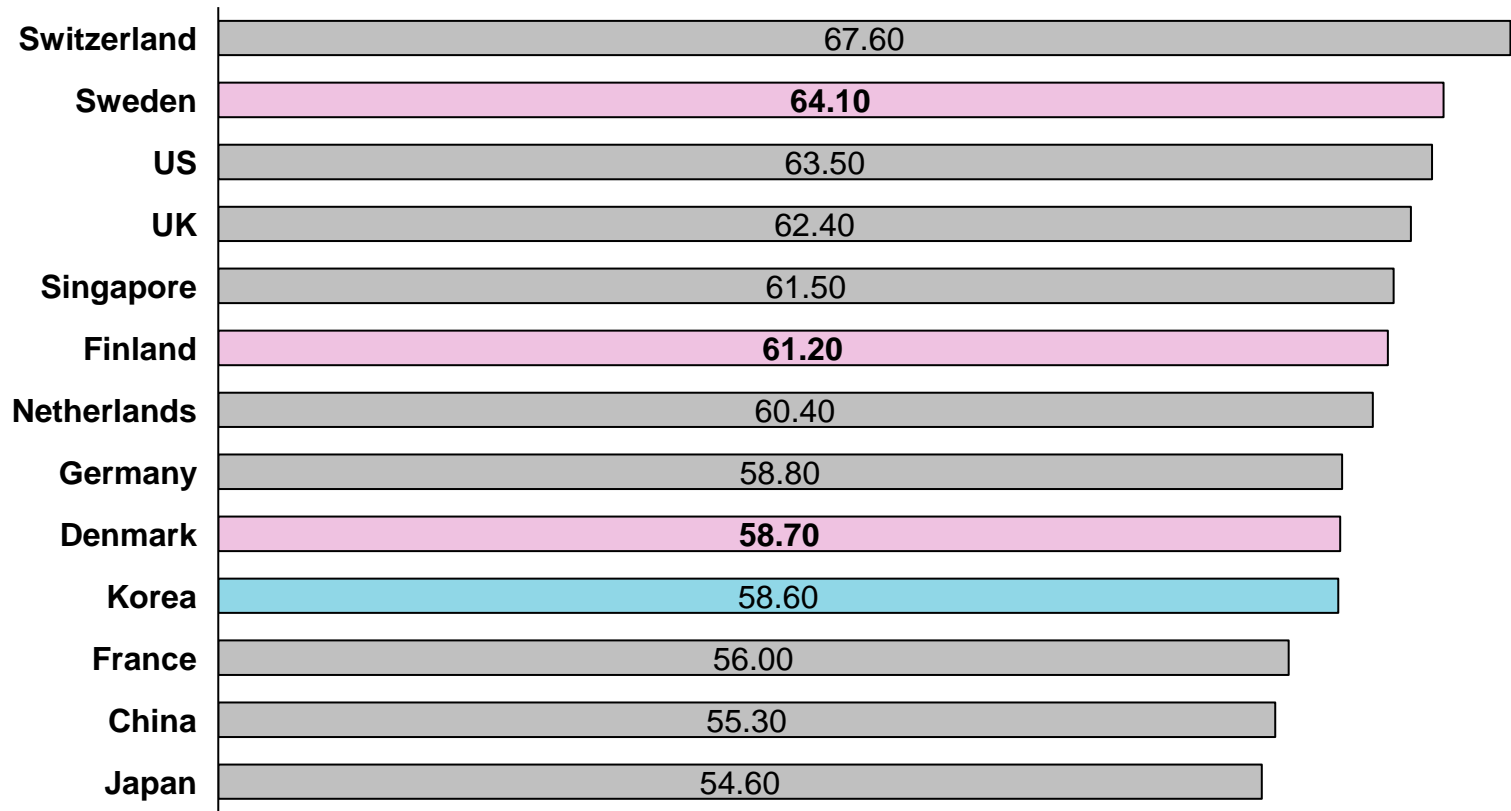
Number of unicorns per million capita, US, Nordics, Korea, China, 2024



Source: [World Population Review](#), Reddal analysis

After several decades, Nordic countries remain among the most innovative in the world and we seek to find implications in the Nordic working culture

Global Innovation Index (2023)



Source: World Intellectual Property Organization

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Questions to audiences

- **Question 1: What keywords pop up in your mind when you think of Nordic culture?**

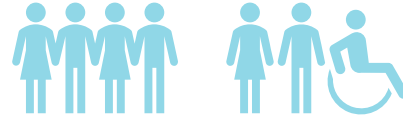
Overall, Nordic countries share a similar cultural base – an open, collaborative culture with little hierarchy

Nordic corporate culture



Openness and transparency

- Open to share learnings and challenges, and accept fact-based feedback
- Transparent communication within the organization – for instance, we at Reddal review financial results regularly with the entire staff and have global profit sharing among all our staff



Little hierarchy and equal opportunities

- Most companies minimize hierarchy or have fluid organizations that work on a project basis
- Promotion based on merit, rather than age, education or tenure
- Nordic countries make sure that everyone in society is taken care of and income differences remain relatively small
- All employees are empowered to contribute ideas and take initiative – “Think and behave like a CEO”



Participative way of working

- Rather than always competing with each other, think more in terms of “how can we do this together”
- Age and level of position do not act as barriers to facilitate participative way of working
- The strategy process both in small and large companies is often highly participative, with a large share of the staff (or even all staff) contributing

Open approach and transparent communication are present to build trust in most Nordic companies

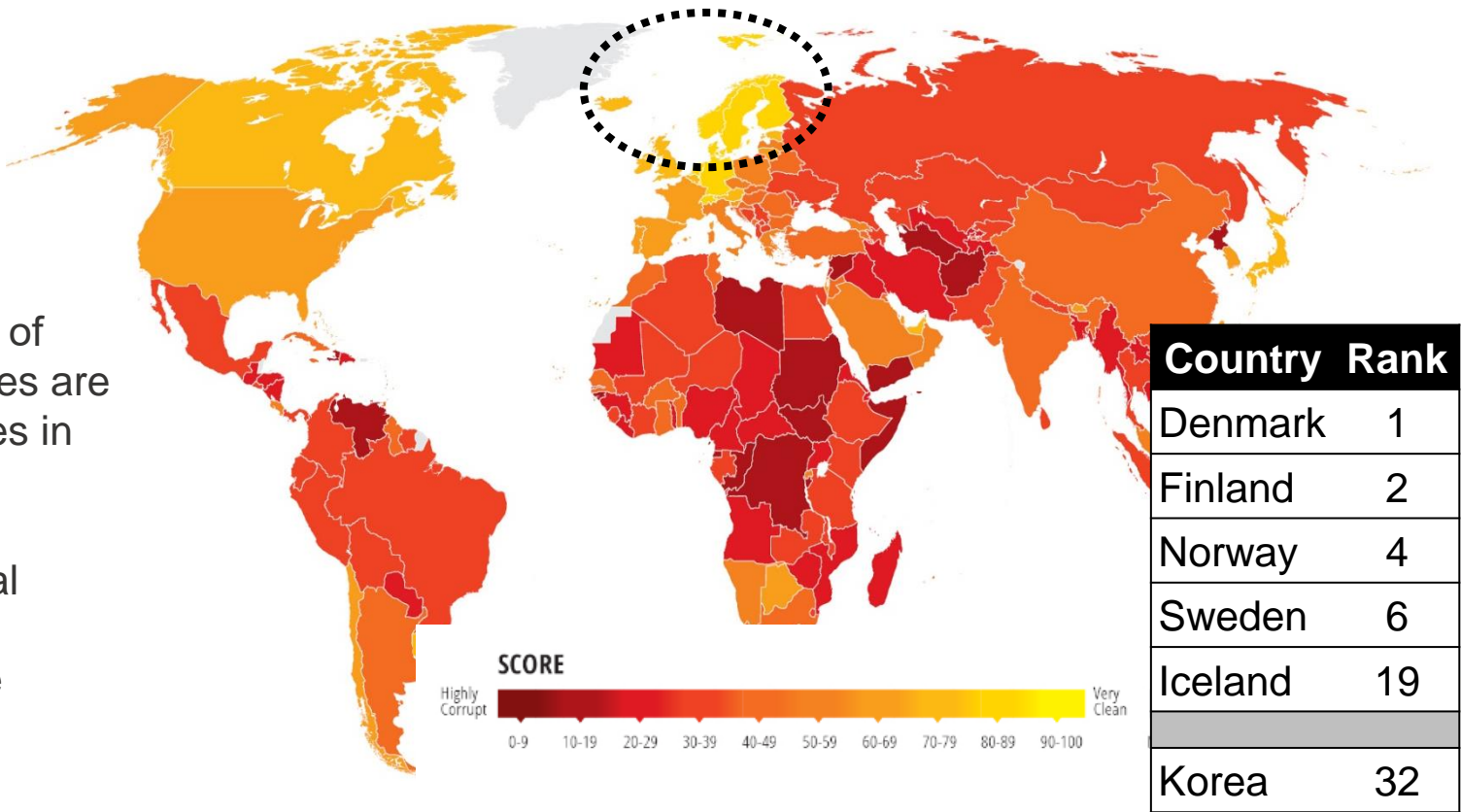
Learnings from Nordic companies (1/3)



Openness and transparency

- As shown in Transparency International’s study of corruption perception worldwide, Nordic countries are known as transparent, the least corrupt countries in the world
- Many Nordic companies provide a psychological safety net, which allows all employees to have transparent and open communication within the company

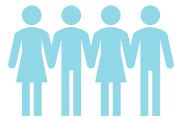
Corruption perceptions index (2023)



Source: [Transparency International](#).

Many Nordic companies aim to create a low hierarchy environment and remove unnecessary barriers to foster creativity and focus on creating impact

Learnings from Nordic companies (2/3)



Little hierarchy and equal opportunities

- Law of Jante discourages individual superiority, promoting humility and equality
- Most companies seek to minimize their different hierarchy levels, or have fluid organizations that work on a project basis
- Employees are empowered to contribute ideas and take initiative regardless of age or position – “Think and behave like a CEO”



In the Nordics, the strategy process both in small and large companies is often highly participative, with a large share of the staff contributing

Learnings from Nordic companies (3/3)








Participative way of working

- Nordic culture emphasizes collaboration over competition – "How can we do this together?"
- In Finnish, there is even have a special word for this – "talkoot" – which means getting together and doing something for the common good
- Everyone is willing and ready to help each other



Most Nordic companies recognize that employees are their most valuable assets and have a strong focus on people management and people excellence

Flagship companies in Nordic countries – culture values

					
Culture	<p>Foundation and employee shareholding creates a company where employees can feel a strong sense of ownership</p>	<p>Inspired to improve and boost an open, dynamic and down-to-earth company culture</p>	<p>“Our success is built on our renewed values”</p>	<p>“We recognize that we need a constant focus on collaboration, cooperation, and communication”</p>	<p>“Our people are our most valuable natural resource”</p>
Values	<ul style="list-style-type: none"> • We combine technical expertise with creativity to find smart solutions • Decency is the hallmark of our business • Ramboll experts are empowered and encouraged to collaborate 	<ul style="list-style-type: none"> • We are one team • We believe in people • Entrepreneurial spirit • Constant improvement • Cost-conscious • Straightforward and open-minded • Keep it simple 	<ul style="list-style-type: none"> • We care • We have courage • We cooperate 	<ul style="list-style-type: none"> • Unity: We are united in our success • Excellence: Excellence is what differentiates us • Innovation: Innovation drives the value we create 	<ul style="list-style-type: none"> • Open: We promote transparency • Collaborative: We work together as one team • Courageous: We are curious, innovative and commercial • Caring: We seek zero harm to people

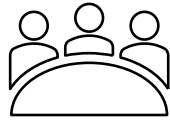
Source: Company websites.

Neste made the decision to actively develop corporate culture together with the personnel, and they share some pointers they have learned along the way

Finnish oil and renewable fuel company – Neste

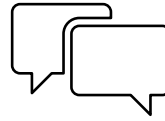
Assumption: culture cannot be forced to change

- Culture is enabled by people and everyday actions



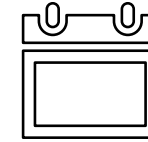
Engage the entire personnel

- Neste asked the entire personnel to respond to a questionnaire and challenged them to consider what they should change



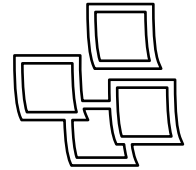
Speak in an understandable way

- A story is significant in a cultural change – only when people understand why the change is needed can they be committed to it and start to change their actions



Plans and determination

- New operating method called Way Forward was integrated into all management processes – ranging from training to induction and from performance appraisals to strategic communications



Make all successes visible to everyone

- Neste has exposed individuals and teams who have shown the right kind of attitude in their work
- Once a year, they celebrate the Forward day when they all have fun together

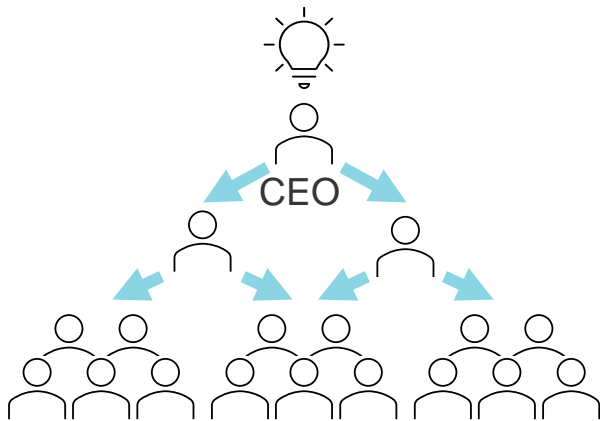
Source: Company website.

Supercell has applied a bottom-up approach where developers drive their project without micromanagement from the upper management

Finnish mobile game company – Supercell

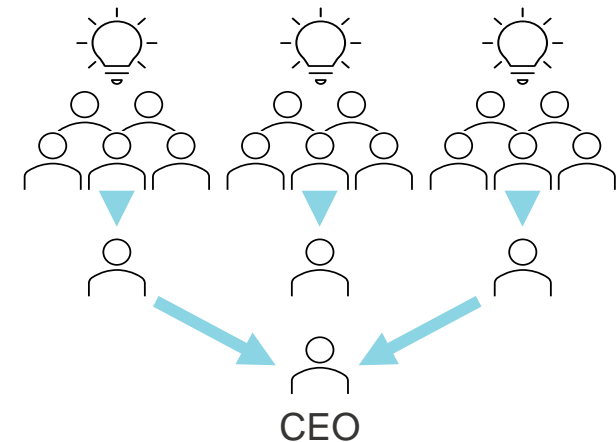
Traditional organizational model

- Goals, projects, and tasks are determined among company's senior leaders – usually independently of their teams
- It may not encourage as much creativity or diversity of thought



Supercell organizational model

- Each game has a dedicated team
- All the decisions made about a game are made by the game team
- The senior management layers are services and resources for the teams



Source: Company website; news articles.

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Questions to audiences

- **Question 1: What similarities and differences do you observe in Korean and Nordic working cultures compared with your background?**
- **Question 2: Can you share any examples from your experience where a collaborative culture has led to innovation or improvement? Conversely, how do you feel a hierarchical culture has impacted innovation or productivity in your workplace?**
- **Question 3: What specific recommendations would you suggest to enhance innovation and creativity within the Korean context?**

A large, dark, 3D number '1' stands on a rooftop covered in gravel. In the background, a city skyline is visible under a cloudy sky, with a body of water and several cranes in the distance. The text 'Working together for successful growth!' is overlaid in white, serif font across the middle of the image.

Working together for successful
growth!