

CHAPTER 1

INTRODUCTION

1.1 Background of the Report

A culture is a form of behavior, norms, and values learned in the social environment (Browaeyns & Price, 2005). Culture has functioned as an identity and characteristic country. However, every country has a different culture, it caused by norm, religion, and tradition. So culture influences the nature of the people who inhabit the area and makes it a habit.

Cross-cultural understanding is a way to understand people with different cultures (Pujiyanti, 2014). The way to understand people from different cultures is to try to be open, tolerant, and respectful. In companies that operate internationally, cross-cultural leadership skills are needed because it will greatly affect relations between managers who are delegated abroad and their local employees (Lumbanraja, 2008). Leadership influences organizational culture (Hakim, 2011) and plays a key role in developing organizational culture (Rasid, Manaf, & Quoquab, 2013). Both managers and employees need to know cross-cultural understanding to avoid misunderstandings in communication.

According to Pujayanti (2014), language is very closely related to culture and human behavior. Language functions to express ideas and communicate with each other. According to Ahmad (2016), English is the language used in administrative matters between countries. English is the most commonly used language among speakers of foreign languages. Around the world, when people from various countries want to communicate, they usually use English as an

international language. In addition, having the ability in English will make it possible to communicate in multinational companies because multinational companies are one place that often uses English.

The writer did an internship at PT Aliansi Koin Indo, which is a blockchain and cryptocurrency consulting company in Indonesia. PT Aliansi Koin Indo is under the guidance of LNX (Linux), a Korean blockchain company located in Seoul, South Korea. In daily life, PT Aliansi Koin Indo employees apply South Korean culture in their business practices. During an internship at PT Aliansi Koin Indo, the writer of some difficulties when adjusting the work culture of South Korea. As long as you are asked, South Koreans will bow each other to others who have high status or are older, but in practice, South Korean employees do not bows head each other. Then in business practice, South Korea's work culture is very influential when making decisions. They will hold deliberations until all members agree to make a decision that takes a long time.

In another idea, the reason the writer write this final report is that the writer wants to tell in the practice of South Korean companies, not all cultural practices work together like those in cross-cultural understanding and intercultural communication books. Then the reason the writer chose PT Aliansi Koin Indo as an apprenticeship place is a writer wants to know the factors of South Korean culture that can affect companies in Indonesia. Furthermore, the writer also wants to let South Koreans maintain their long-term business in building cooperation and relationships with local companies. Therefore, the writer decided to write a report titled *The Work Culture of South Korea and Its Impact on Business Practices at PT Aliansi Koin Indo*.

1.2 Statement of The Problem

There is the main problem in this report as follow

1. What are South Korean work cultures implemented in PT Aliansi Koin Indo?
2. How are the impacts of South Korean working culture on business practice in PT Aliansi Koin Indo?

1.3 Purpose of the Report

The purpose of the report in the internship is in the following :

1. To analyze the work culture of South Korean in PT Aliansi Koin Indo
2. To discover the impacts of South Korean working culture on business practice in PT Aliansi Koin Indo

1.4 Significance of the Final Report

1.4.1 For the writer

This final report is useful for writers in increasing the experience and understanding of writers in dealing with the work culture of South Korea, developing speaking skills, improving skills in the field of management office, gaining more knowledge and information in culture south korean companies.

1.4.2 For the English diploma program

Improves the ability and skills of the student, encourages the coroporation with Airlangga University, explores the knowledge to improve the quality of English Diploma students' ability in face south Korean working culture.

1.4.3 For company/institution

Used as a reference to improve the quality of the employees of PT Aliansi Koin Indo in the field of understanding the impact of South Korean working culture. To be used to evaluate the performance of the employees of PT Aliansi Koin Indo

1.4.4 For interns

Increase knowledge and experience in the impact of south Korean working culture. Then, increase knowledge about factors that influences the work culture of South Korean in PT Aliansi Koin Indo.

1.5 Review of Related Literature

1.5.1 South Korean Work Culture

During the Choson Dynasty, the Chinese succeeded in making Korea a country of Confucianism. Through the introduction of a business, management structure focused on Confucian principles. The presence of Confucianism in the South Korean corporate culture can be seen from the current one culture can be seen from the existing systems in the organization, paternalistic leadership, prioritizing harmonious loyalties and values, collectivism, family concepts, hierarchical structure and gender roles (Kee, 2008). Much of South Korea's economy is dominated by Chaebol. A chaebol is a term used by Korean society as a calling for a conglomerate. Chaebol in Korean consists of two words: "Chae" means Prosperity and "Bol" means Clan alias Family. The term is a term used for great conglomerates in Korea which have become the main economic power axis of the South Korean economy from the end of the Korean War to the present.

Chaebol has a big role in helping the South Korean government to develop new industries, markets, and exports.

Business in Korea is very important for key cultural aspects (Lee, 2012). South Korean society has a special culture that can influence the development of the business world. Based on Lee (2012), there are four types of South Korean Working Culture consists of the Kibun, Inhwa, the distance of power and hierarchy, and personal relationship for doing business. The first type is Kibun. The word “kibun” itself does not have a translation in its true meaning but it is interpreted as mood or feeling. To maintain kibun, especially in a business context, a person should respect others and avoid all activities that could cause another person to “lose face” or self-esteem.

The second type is the Inhwa. Inhwa is a form of Confucian belief. The term inhwa means Korea’s approach to harmony. As a collective society, decision-making by consensus is considered to be very important to maintain harmony. To maintain inhwa, Korean people often answer with a positive response and reluctant to reject it directly.

The third type is the distance of power distance and hierarchy. Korean companies generally have a high hierarchical system. The person who has lower status bows to the one higher. Power distance and hierarchy also happened in social society, junior always shows they respect to their “Sunbae” or senior in the organization with addressing title names.

The fourth type is the personal relationship for doing business. In South Korea, the personal relationship is very important for doing business based on

mutual trust. Yet, Korean people usually build personal relations with doing “small talk” at the beginning of the business meeting to show personal closeness.

1.5.2 The impact of South Korean working culture on Business Practice

Lee (2012) states that for international or multinational corporations dealing with South Koreans, it is really necessary to learn about the six facets of culture that can affect business practice. The five components of Korean culture are *Kibun*, *Inhwa*, power distance or hierarchy, personal relationship in Korea.

The first impact of *Kibun* on Business Practices is minimum criticism in public. On business practice, Korean people always make an attempt to be polite, friendly, and do things with only the best of intentions. People tend to do things with the respect of others’ opinions and feelings, and sometime avoid saying “no” or bad news, to prevent hurting others’ *Kibun*.

The second impact of *Inhwa* on business practice is longer decision making. On business practice, Koreans show their respect to their employers and supervisors, and usually avoid conflicts as much as they can, if they have different opinions. They prefer to discuss it privately rather than in forum. It means that they avoid blaming or criticizing their subordinates in public.

The third impact of power distance and hierarchy on Business Practice is organizational structure. On the business practice, power distance and hierarchy are getting happen during negotiation time. Juniors should show their respect to senior manager by sending the right officials to successfully negotiate the deals.

The fourth impact of the personal relationships on Business Practices is always contact the partnership. On the business practice, In order to establish the

personal relationship; there are several steps for the foreign company to build personal relationship with Korean people. The steps are sending company profile, business card, proposals, brochure, etc. After establishing the personal relationship, it is suggested for the foreign company to maintain the relationship by continuously contacting the Korean company. Therefore, time should be allocated for this process, particularly during the first meeting, which is frequently used to simply establish rapport and build trust.

1.6 Methods of the Report

1.6.1 Location and Participants

The writer conducted internship at PT. Aliansi Koin Indo Pakuwon Center 23th floor, room 2337, jalan Embong Malang No 4, Surabaya Indonesia. The writer conducted her internship in social media specialist in PT. Aliansi Koin Indo for two months. In this case, the writer collected data from observation and audio recording during interviews. The writer did the interviews with two Assistant Manager and one Internship employee whose ages range from 22 to 30 years. The writer requests permission from the Assistant Manager in his shift to involve them in this interview. After the writer gets permission, the assistant manager said that the writer can did interview after work hours.

1.6.2 Data collection

In carrying out the case study, the writer used several instruments below:

1.6.2.1 Observation

The writer did daily observation to discover the Korean working culture practiced by employees of PT. Aliansi Koin Indo in business daily practice. Then,

the writer also tried to analyse the strategies used by employees PT. Aliansi Koin Indo in handling communication with international employees. In addition, the writer noted several problems that appeared during handling communication with international employees.

1.6.2.2 Audio recording

The writer recorded the conversations when the writer did interview with two senior staffs and an internship employee. To make the writer easier to analyze the audio record, the writer transcription audio record and labeled audio record by order of meeting and dates, for example:

TRANSCRIPTION

Interview 1 (March, 10 2020)

The Writer: Good Evening

Assistant Manager 1: Good Evening, May I help you?

W : The writer

AM 1 : Assistant Manager

1.6.3 Data Analysis

In terms of data analysis, the writer use triangulation of data collection techniques to answer the statements of problem. Further, in accordance with the two statement of problem, the writer could generate two units of analysis which could be answered by using triangulation of data collection techniques. The table of triangulation of data collection as follow below:

Units of analysis	Data collection techniques
South Korean working culture in PT Aliansi Koin Indo	Observation Audio Recording
The impacts of South Korean working culture on business practice in PT Aliansi Koin Indo	Observation Audio Recording

Following up the table, the writer analyzed the data collected from each instrument separately based on the units of analysis.

1.7 Framework of the Report

