

Running head: Leadership in Korean firms and implications for HRD

Leadership Characteristics in Leading Korean Firms and Their Implications for HRD

Suk-Jean Kang

CEO Consulting Group, Korea,

Chairman

(kang-ceoconsult@hanmail.net, 82-2-722-4913)

Joseph W. M. Kessels

University of Twente, Netherlands, Professor

(joseph@josephkessels.com, 31-6-51-186-190)

Eun-Soo Lee

Korea Social Enterprise Promotion Agency, Ph.D.

(su7165@ikosea.or.kr, 82-10-4068-7165)

Young-Sam Cho

Korea University Business School, Ph.D. candidate

(zegal82@korea.ac.kr, 82-10-8580-0322)

Copyright © 2014 Suk-Jean Kang, Joseph W. M. Kessels, Eun-Soo Lee

And Young-Sam Cho

Abstract

This paper builds on a study of the relationships between leadership characteristics, organizational culture, knowledge productivity and value creation in four leading Korean corporations, namely Samsung Electronics, LG Electronics, Shinhan Bank and the Woong-Jin Group. In knowledge-intensive organizations, it is important to understand the kind of leadership needed to enhance knowledge productivity and learning to achieve continuous improvement and radical innovation, and the relationship between leadership and human resource development. It is assumed that the production and application of knowledge form the basis for value creation in today's knowledge economy. However, investigating these elements in successful companies can be a delicate matter. For the first time, leaders of the four companies included in this study agreed to participate in empirical research into what makes them successful in terms of leadership. We present four case studies comprising interviews with senior-level executives and managers in addition to a survey distributed to 480 leaders and managers in these companies. This mixed-methods research design allows for a thorough cross-case analysis. In this paper we focus on the cross-case analysis of the qualitative data, obtained from the interviews and the document studies. The results indicate that a people-oriented, highly challenging and entrepreneurial style of leadership that encourages open, boundary-less communication and knowledge sharing is strongly related to value creation, sustainability and future growth engine development in these four companies. These results have major implications for human resource development. This study not only offers directions for leadership development and management training, but its results also reinforce the relevance of talent and knowledge development and creating a learning climate conducive to improvement and innovation, thus placing

HRD at the core of modern entrepreneurship. The discussion section elaborates on the implications for HRD in a knowledge economy.

Keywords: leadership; knowledge productivity; organizational culture; value creation;

HRD

Leadership Characteristics in Leading Korean Firms and Their Implications for HRD

Introduction

Value creation is widely considered to be one of the most important objectives for leaders of businesses and institutions to contribute to economic development. This study explores the relationship between leadership characteristics and value creation and describes the interaction of organizational culture and knowledge productivity and their connections to leadership and value creation. Substantial changes have occurred in business environments in recent years; of these changes, the shift to the development and application of knowledge may be more important than capital, raw materials and physical labor as the main means of production (Bukowitz & Williams, 2002; Drucker, 1993). In a knowledge-productive organization, management and employees accelerate improvements and innovations and develop new opportunities for sustainable growth. All these factors are important for high value creation. The leadership characteristics that build a knowledge-productive and people-empowering organizational culture that fosters high value creation must therefore be identified. These assumptions provide the starting point for this research. The objective of this study is to explore the concept of knowledge productivity and its relationships with leadership characteristics and value creation. For this study, we selected four leading Korean

companies. The selection of leading Korean companies for this research project was inspired by the following considerations. The four companies have a special leadership style, which can be characterized by people-oriented, highly challenging and risk-taking entrepreneurship, which focuses on knowledge productivity and high value creation. The four companies selected for this study have achieved sustainable and substantial growth during the ten years examined in this study by diversifying their businesses and expanding global business activities. Therefore, it is worthwhile to examine the leadership characteristics in these companies and learn how these characteristics are related to organizational culture, knowledge productivity and value creation. The discussion section elaborates on the implications of leadership characteristics in leading Korean companies for HRD in a knowledge economy.

Conceptual Framework and Research Questions

Through value creation, a company can meet stakeholders' expectations, such as those of investors who place their trust in the capabilities of company management. Value creation allows employees to have visions and dreams for the future and encourages them to do their best for the company with a strong ownership spirit (Weiss et al., 1967). Value creation enables sustainable growth of the company and allows the company to contribute to society by fulfilling its corporate social responsibility (Husted & Allen, 2007). Value creation is not only a matter of revenue, profit growth and market value; it also relates to corporate reputation and customer and employee satisfaction. Therefore, value creation should be considered the main responsibility of top managers and leaders in the business world (Rho, Lim, & Hwang, 2004). In the context of this research, value creation encompasses the concepts of: (a) revenue and net profit growth; (b) increasing company market value; (c)

increasing satisfaction of employees and customers; (d) improving corporate reputation and image; and (e) fulfilling corporate social responsibility.

A knowledge-productive organization is one in which continuous improvement and radical innovation of products, services and work processes can be observed (Kessels, Verdonschot, & De Jong, 2011). Producing knowledge in a company can be seen as an ongoing learning process, integrated into the day-to-day work environment, in which staff members at all levels can participate (Kessels & Keursten, 2002). Such a learning process focuses not only on the development of subject matter expertise and enhanced problem solving, leading towards improvements and innovations, but also on reflective skills, open communication and interaction, and the motivation and engagement of staff members. This second aspect of knowledge productivity enables companies to develop the capability to be innovative not only in the present but also in the future (Kessels, 2001; Kessels, 2004; Kim & Mauborgne, 2005).

An organizational culture in which open communication is prioritized contributes to learning and enables the exchange of knowledge and experience. Such an organizational culture may motivate people to be innovative and creative, encourage them to feel a real sense of accomplishment, and bring out their best capabilities, fostering an ownership spirit which aids in achieving the vision and goals of the company (Alimo-Metcalfe et al., 2008; Harrison & Pelletier, 1997; Hutchings & Michailora, 2004; Jung, Wu, & Chow, 2008; Shin & Zhou, 2003).

The selection of Korean leading companies for this research project is inspired by the following considerations. The four companies have a special leadership style, such as "Two-tops Leadership", characterized by people-oriented, high challenging and risk-taking entrepreneurship and an organizational culture, which focuses on knowledge productivity and high value creation. It is the kind of leadership and organizational culture that contributed to

the successful Korean industrialization and economic growth in the recent decades. Another reason for selecting the Korean firms is that research in the domains of leadership, organizational culture, knowledge productivity and value creation is mostly based on models of Western countries. Research in this area that studied Korean cases is rare. The selected four Korean leading companies have achieved sustainable and substantial growth during the research periods (2000-2010) with diversified businesses and expanding global business activities. This research intends to shed light on how successful leading Korean companies developed their characteristic leadership styles and organizational culture that are favourable for knowledge productivity and high value creation.

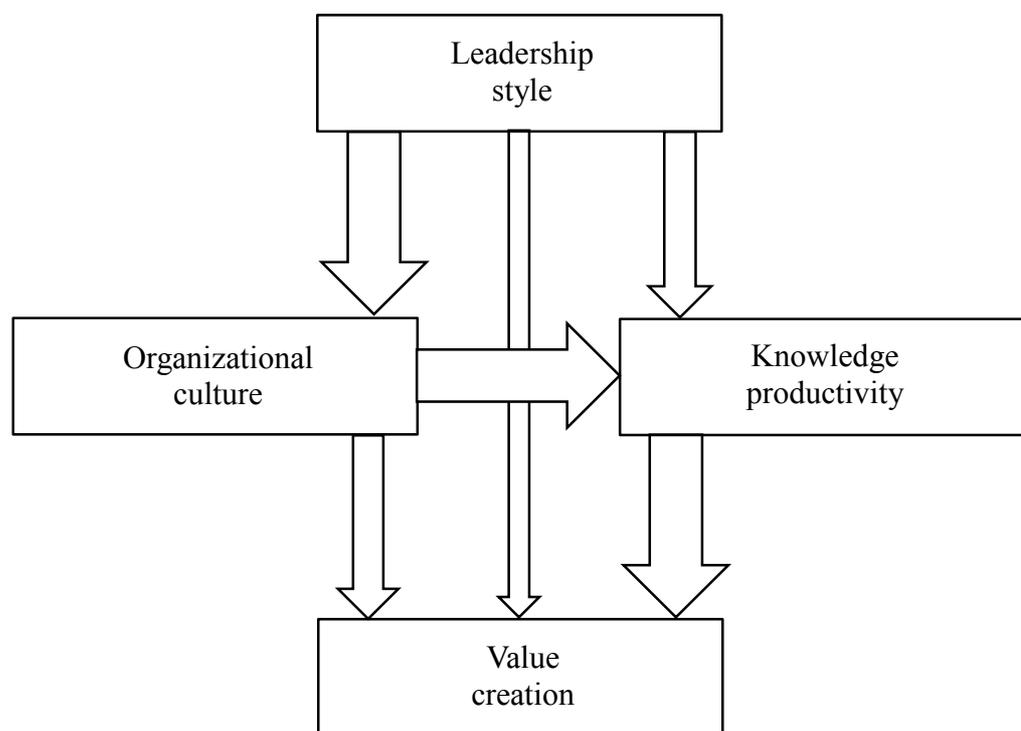
An important aspect of organizational culture in Korean companies is the "ownership spirit" of the employees, which in the Korean language can be transcribed as “주인의식” (Juin-Eisik) (Jung et al., 2008; Shin & Zhou, 2003). This term is commonly used in the business community in Korea to describe the mindset and spirit of employees who love the company and their work, who are willing to do their best for the company with a sense of loyalty as strong as that of the owner of the company. When leaders respect and empower their employees as human beings and value their opinions and ideas, they can encourage this ownership spirit (Tosi et al., 2004). In this study, the phrase “ownership spirit” is unrelated to the concept of share ownership. Juin-Eisik (ownership spirit) is closely linked with a sense of responsibility, a sense of mission that enables employees to love and enjoy their work. Employees with ownership spirit trust their leaders and the company.

Effective leaders communicate a challenging vision and value entrepreneurship (Shin & Zhou 2003; Tsui et al. 2006) within the organization. They share their vision and values with all members of the organization in a boundary-less and open way (Slater, 1998; 1999). We expect that the role of leaders in developing a knowledge-productive culture is closely related to their attitude toward challenges, risk-taking and entrepreneurship and their methods

of control (Nahavandi & Malekzadeh, 1993). As knowledge production is inherently a learning process for staff members, a favourable climate conducive to learning is required (Kessels, 2001). Therefore, it is expected that leaders that are people-oriented and encourage openness, participation, empowerment, trust and respect will contribute to the creation of a learning culture favourable to knowledge productivity, including continuous improvement and radical innovation (Chadwick, Barnett, & Dwyer, 2008; Hutchings & Michailora, 2004; Jung et al., 2008; Kessels, Verdonschot, & De Jong, 2011; Oldham & Cummings, 1986; Shin & Zhou, 2003; Trice & Davis, 1993). Recently, Carmeli, Schaubroeck, & Tishler, (2011) stressed the role of empowering leadership behaviour, which leads to enhanced team potency. Such leadership behaviour shapes the context for information exchange, joint decision-making and collaboration. It nurtures confidence among team members and has positive implications for firm performance. Makri and Scandura (2010) were among the first to relate creative leadership at the CEO level to the development of social and human capital and knowledge development.

Leaders can influence value creation indirectly by developing a strong organizational culture. The longitudinal study by Wilderom, Van den Berg, and Wiersma (2012) offered evidence for the relationship between organizational culture and firm performance and charismatic leadership characteristics. In a knowledge economy, leaders may directly influence value creation by openly focusing on knowledge productivity. The purpose of this study is to explore and understand the leadership characteristics by which a strong, knowledge-productive organizational culture is created, one that leads the company to achieve high value creation and sustainable growth. As learning and knowledge productivity are probable closely related to value creation, human resource development is inevitably one of the core issues for modern leadership. The preliminary conceptual framework of the factors involved in value creation is presented in Figure 1.

Figure 1. Leadership and value creation as related to organizational culture and knowledge productivity



The main research questions addressed in this study are as follows:

1. How do the characteristics of leadership relate to organizational culture, knowledge productivity and value creation in companies, especially in successful leading Korean companies?
2. Is it possible to design a set of guidelines for leadership and human resource development on the basis of the answers to question 1, in order to achieve high value creation in knowledge-productive organizations?

Methods and Procedure

To address these research questions, interviews were held focusing on the major concepts in the conceptual framework. To learn about the relationships among the main variables presented in the conceptual framework, these four very successful Korean companies were deliberately selected, as they might provide excellent examples of these relationships. The interview reports were evaluated in feedback discussions with executives of each company for validation. Furthermore, each company received a separate case study report. This article focuses mainly on the cross-case analysis on the basis of the qualitative findings of the four companies, the results of which served as the basis for developing guidelines for business leaders who wish to facilitate a knowledge-productive culture and enhance value creation within their organizations. These guidelines will have clear implications for human resource development.

Data collection and response

For in-depth study on leadership characteristics of leading Korean companies and their implication for HRD, we needed to conduct both qualitative and quantitative analyses with a series of interviews as well as collecting data by means of a survey. Therefore, we selected sample companies, which have well established leadership characteristics in relation

with organizational culture, knowledge productivity and value creation, providing the insights for HRD. Thus, the participants in this study were four leading Korean companies: Samsung Electronics, LG Electronics, Shinhan Banks, and Woongjin Group. The human resources departments of each company were supportive in organizing the distribution of the survey questionnaires and collecting the survey data. In total, 480 questionnaires were distributed to executives, managers and other employees of the four companies, and 387 respondents returned their completed questionnaires anonymously. For the quantitative analysis, all 387 survey responses from the four companies were usable (Samsung Electronics: 70, LG Electronics: 100, Shinhan Bank: 100, Woong-Jin Group: 117). The overall response rate to the questionnaire was 84%. This high response rate may have been influenced by the personal approach to the respondents by the researchers and the help of the senior managers and HR staffs in organizing the data collection. All respondents were full-time executives, senior managers, managers and staff members of the four companies included in the study.

Characteristics of the sample

The majority of respondents were highly educated, experienced managers (see Table 1). As in most Korean companies, the social structure at the top executive level is still very much dominated by male executives and managers.

Table 1. Characteristics of survey respondents.

Parameter	Percentage (%)	Parameter	Percentage (%)
Gender		Rank	
Male	85.8	Employee	11.6
Female	14.2	Assistant manager	9.8

		Manager	31.8
		Senior manager	24.3
		Executive	22.5
Age			
<30 years	14.0		
31–40 years	38.7		
41–50 years	40.5	Education level	
>51 years	6.8	High school	1.6
Tenure		College	2.6
<5 years	29.7	Bachelor's degree	74.2
6–10 years	24.3	Master's degree	18.9
>11 years	46.0	Doctorate degree	2.7

Measurement

We used the one hundred and five items to measure leadership style, organizational culture, knowledge productivity, and value creation. The items were transformed into a questionnaire scored on a five-point Likert scale from (1) *I fully agree* to (5) *I fully disagree*.

To investigate the convergent validity among the items for each four dimension, we conducted a series of exploratory factor analyses. The factors and their respective items were as follows. *Leadership* (28 items) consists of four factors: LS1 (people-oriented: 17 items), LS2 (visionary and entrepreneurial: 6 items), LS3 (high challenge-seeking and risk-taking: 2 items) and LS4 (low challenge-seeking and high control: 3 items). *Organizational culture* (21 items) consists of four factors: OC1 (people-oriented: 13 items), OC2 (high challenge-seeking and innovative: 3 items), OC3 (low challenge-seeking and status quo: 2 items) and OC4 (bureaucratic and top-down: 3 items). *Knowledge productivity* (28 items) consists of two factors: KP1 (improvements and innovations of products, services and work processes: 18 items) and KP2 (increased sustainable capability for future growth: 10 items). *Value creation* (28 items) consists of four factors: VC1 (corporate reputation, image and corporate social responsibility: 12 items), VC2 (employee satisfaction with work atmosphere: 9 items), VC3 (employee satisfaction with financial benefits: 3 items) and VC4 (sustainability: 4 items). Furthermore, an analysis of reliability was conducted to determine the appropriateness

of the clustered items for each factor. Reliability scores for most factors ranged from 0.747 to 0.959 (Cronbach's alpha) except for LS4 (0.617), OC4 (0.605), and VC4 (0.658), indicating an acceptable level of reliability. The relatively low reliability scores for the three factors would be result from a lack of items.

Interview guidelines

For the qualitative data collection a set of interview guidelines was developed. These guidelines formed the basis for talks with executives, managers and other employees in the four companies. Before the main series of interviews was conducted, four open interviews per company were held with a few executives and staff members in high-ranking positions to improve the understanding of each company's leadership style, organizational culture, knowledge productivity and value creation, and to facilitate selection of key points on the company vision and orientation to conduct the main series of interviews more effectively. The names of the interviewees and their responses were kept strictly confidential. All participants in the interviews were full-time executives, senior managers, managers and staff members.

About the leadership style for improving HRD in their organization, we asked them, “What do you think is the leadership style of the chairman or CEO of your company to improve HRD practices in your organization?” Their answers are best represented by the following list of responses: “Our leader presents the vision and future directions for the company, and encourages employees’ participation in decision-making.” “His people-oriented humanitarian leadership characteristics empowered and motivated employees to have a strong ownership spirit.” “Our leader has in-depth understanding of each employee’s talent and character, and utilizes human resources and people talent in a constructive way.”

“He strongly emphasizes global talent development and recruitment while driving the globalization of company business.”

About the organizational culture for improving HRD in their organization, we asked them, “How would you describe the organizational culture to improve HRD practices in your organization?” Their answers are best represented by the following list of responses: “In our company, individual self-development and capabilities are highly valued and emphasized.” “We are open to creative challenges and innovation.” “Our company offers various programs for human resource development and training.” “Our company tries to build a more open and non-bureaucratic organizational culture for empowering people and for building a highly effective knowledge-productive organizational atmosphere.”

Results

This section presents the characteristics of the respondents, the main correlations between the 14 factors of the four variables (leadership, organizational culture, knowledge productivity and value creation) and a summary of the cross-case analysis.

Relationships between the main variables

The results of the statistical analysis of the data, including the mean values, standard deviations and correlations among the variables, are listed in Table 2.

Table 2. Correlations and descriptive statistics (four companies, n = 387)

	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13
1. LS1	4.21	.59													
2. LS2	4.18	.60	.78**												
3. LS3	4.04	.81	.63**	.61**											
4. LS4	2.84	.82	-.31**	-.17**	-.12*										
5. OC1	3.95	.63	.80**	.67**	.52**	-.22**									
6. OC2	4.04	.67	.70**	.54**	.47**	-.22**	.73**								
7. OC3	2.61	.85	-.36**	-.23**	-.25**	.54**	-.29**	-.32**							
8. OC4	3.53	.68	-.10*	.03	.06	.47**	-.17**	-.10	.53**						
9. KP1	3.99	.59	.79**	.67**	.55**	-.20**	.86**	.71**	-.30**	-.11*					
10. KP2	4.03	.57	.66**	.63**	.49**	-.12*	.72**	.62**	-.22**	.03	.82**				
11. VC1	4.27	.56	.80**	.74**	.58**	-.21**	.75**	.63**	-.31**	-.03	.79**	.73**			
12. VC2	4.08	.66	.78**	.67**	.51**	-.23**	.82**	.63**	-.27**	-.09	.81**	.70**	.77**		
13. VC3	3.75	.80	.57**	.60**	.40**	-.15**	.56**	.43**	-.10*	.09	.62**	.60**	.65**	.67**	
14. VC4	3.93	.56	.32**	.41**	.33**	.07	.32**	.27**	.01	.25**	.48**	.53**	.49**	.36**	.43**

Note: Leadership characteristics: LS1 (people-oriented), LS2 (visionary and entrepreneurial), LS3 (high challenge-seeking and risk-taking), LS4 (low challenge-seeking and high control). Organizational culture: OC1 (people-oriented), OC2 (high challenge-seeking and innovative), OC3 (low challenge-seeking and status quo), OC4 (bureaucratic and top-down). Knowledge productivity: KP1 (improvement and innovation of products, services and work processes), KP2 (sustainable development of future growth engine). Value creation: VC1 (corporate reputation, image and corporate social responsibility), VC2 (employee satisfaction with work environment), VC3 (employee satisfaction with financial benefits), VC4 (sustainability).

* $P < 0.05$, ** $P < 0.01$.

As expected, the relationships between the various leadership characteristics and the factors that constitute organizational culture are very strong. The first three leadership characteristics (people-oriented, visionary and entrepreneurship-oriented and highly challenge-seeking and risk-taking) are similar to the organizational culture styles (people-oriented and highly challenge-seeking and innovative).

During the interviews, respondents found it difficult to separate aspects of leadership from characteristics of culture clearly. The leaders of each company are deeply embedded in the culture of their respective organizations, and are part of the creation and constant recreation of value. As expected, the relationships between the various leadership characteristics and the factors that constitute organizational culture are very strong. This observation supports the claim of Schein (2004) that "culture and leadership are two sides of the same coin" (2004, p. 22). The results of the qualitative analysis revealed that although differences exist in the leadership styles and organizational cultures across the four companies, important commonalities among the key characteristics can be found; they are all people-oriented, visionary and entrepreneurial and high challenge-seeking, risk-taking and innovative. These key characteristics of leadership and organizational culture can be related to knowledge productivity and value creation in the four companies. Many interviewees were very clear about the importance of knowledge productivity in terms of continuous improvement and radical innovation. They stressed the need for open information and knowledge sharing, learning and creative thinking. They also emphasized that creating an organizational culture that promotes knowledge productivity is an important mission and responsibility of business leaders today.

We found differences in the results between Shinhan Bank and the other three companies in the relationship between organizational culture and perceptions of sustainability. At Shinhan bank a bureaucratic and top-down approach was observed, which could be interpreted and understood as follows. Korean financial companies, especially banks, are characterized by a more conservative and less risk-taking culture, and are more used to top-down, central control. Like Shinhan Bank, they manage financial risks very successfully, thereby protecting the sustainability of their banking and other financial businesses during the Asian financial crisis of 1998 (also named the IMF Crisis) and the global financial crisis of 2008.

Discussion

This section provides preliminary answers to the research questions and outlines leadership guidelines on the basis of the research findings. In addressing the first research question: *How do the characteristics of leadership relate to organizational culture, knowledge productivity and value creation in companies?*, we found evidence from the four leading Korean companies for the following conclusions.

People orientation and ownership spirit

One of the important common characteristics of leadership and organizational culture in the four companies in this study is that they are people-oriented. The leaders we interviewed stressed respect of organization members as human beings, including respect for their opinions and ideas. These leaders try to empower and motivate their people by creating non-bureaucratic and open organizational cultures with considerable freedom. They see the need for people in the organization to become more creative and innovative, demonstrating a strong ownership spirit and doing their best to achieve the company's vision and goals. As an example, LG Electronics' leadership and organizational culture are strongly people-oriented. Leaders respect all organization members as human beings regardless of their position and level in the company, value both their opinions and ideas and fully delegate management responsibilities to each business division leader.

The WoongJin Group's leadership is another example of empowerment through the unique, WoongJin-style organizational culture known as “Shinbaram” (exciting wind). The Group Chairman invests a lot of time and effort into empowering and motivating people. Organization members under this people-oriented leadership style and in this organizational culture have a strong ownership spirit and do their best to achieve the company's vision and goals. At WoongJin Group, the leaders are aware that for high value creation and sustainable growth to be achieved, an open organizational culture with sufficient freedom is needed.

Knowledge productivity

Leaders of all four companies strongly emphasized continuous improvement and radical innovation of products, services and work processes, encouraged the development of creative new ideas for sustainable development of future growth engines, and promoted moving into new business areas by taking risks. These are

indicators for a strong emphasis on knowledge productivity and future growth engines. However, the interviews with the leaders revealed that prioritizing of future oriented knowledge productivity and taking risks during implementation differed between companies. In the interviews, leaders had clear opinions about how people-oriented values combined with high emphasis on accepting challenges created a culture that is favourable to continuous improvement and radical innovation. Thus, just pushing for performance without considering the engagement and creativity of the company's people may not lead to knowledge productivity and value creation.

Value Creation

In this study, the concept of value creation comprises financial data on performance in addition to non-financial data. The results of the qualitative analysis and financial performance data showed successful value creation and sustainable growth in all four companies. The results of the quantitative analysis of the four companies indicated that specific leadership characteristics (people-oriented, visionary and entrepreneurial, high challenge-seeking and risk-taking), organizational culture characteristics (people-oriented, high challenge-seeking and innovative) and knowledge productivity (improvement and innovation of products, services and work processes and sustainable development of future growth engine) all have significant and positive correlations with value creation factors in each of the four companies. The financial data on performance of the four companies indicated that high value creation was successfully achieved from 2000 to 2010 in terms of revenue and profit growth, market value increases and overcoming the world financial crisis that started in 2008. During this period, value creation and growth of the four companies were higher than the average of the top 10 Korean companies in their industries except for the special and unexpected case of LG Electronics in 2010. The net profit of LG Electronics in 2010 was negative due to the significant impact of the introduction of the Apple's new iPhone to the world market in the third quarter of 2009.

Findings from the qualitative analysis of data from the interviews indicated that the four companies are highly recognized in their respective industries in terms of corporate reputation, image and corporate social responsibility. Employee satisfaction with the work environment and financial benefits in the four companies were very high.

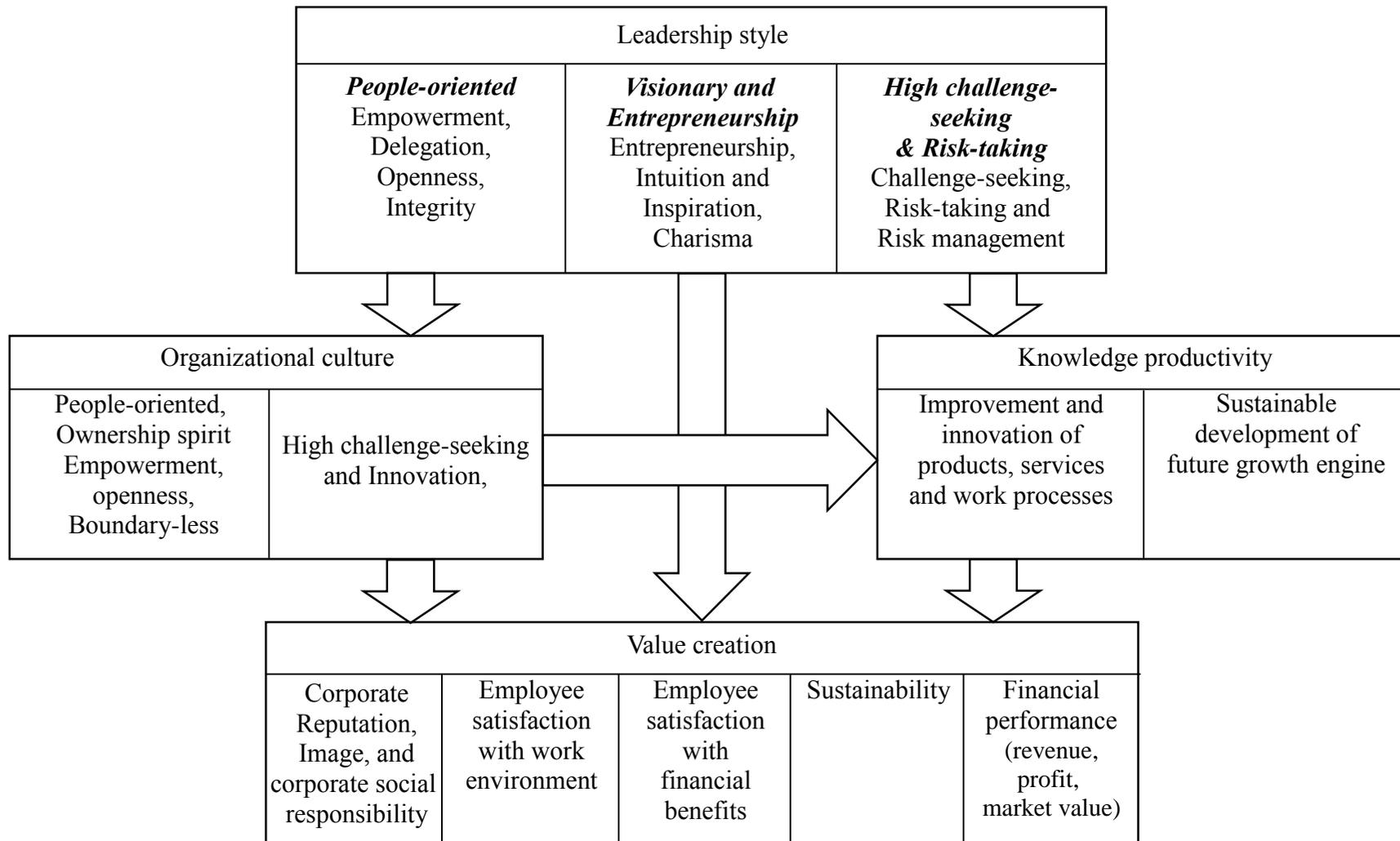
Leadership and value creation

The challenge-seeking, visionary and entrepreneurship-oriented leadership characteristics of the group chairmen and the performance and goal-oriented professional management leadership characteristics of each company's CEO complemented each other in the ongoing process of value creation. The companies' leaders shared their long-term visions and goals with the employees in the organizations, which empowered and encouraged the employees to offer their best and promoted a strong ownership spirit to achieve the goals of each company. In a non-bureaucratic organizational culture under the people-oriented leadership, employees exhibit loyalty to the company and feel a strong ownership spirit. In such organizations, employee satisfaction levels are high. Some of these leadership characteristics that we observed with the leaders of the four successful Korean companies of this study are close to the concept of Bass's (1985) transformational leadership behaviours, like *idealized influence, inspirational motivation, intellectual stimulation and individualized consideration*. As Jin and Yeo (2011) claimed, corporate reputation and image are important intangible values for company, and they are inextricably linked to the leadership characteristics of the company. Findings based on the interviews in this study indicated that the reputation and image of the four companies managed by people-oriented leaders were related to companies' success. The leaders of the four companies adopted various management principles and policies, including transparency, integrity and fulfilment of corporate social responsibility. These are closely related to corporate reputation and image, and also affected employee satisfaction within a company.

Revised conceptual framework

On the basis of the research findings, the conceptual framework was elaborated. Figure 2 includes the main leadership characteristics and the factors related to organizational culture, knowledge productivity and value creation as explored in this study, all of which were relevant to the success of the companies examined here.

Figure 2. Leadership, organizational culture, knowledge productivity and value creation in the four leading companies.



Guidelines for business leaders and implications for HRD

One of the ambitions of this study is expressed in the second research question: *Is it possible to design a set of guidelines for leadership and human resource development on the basis of the answers to the first question, in order to achieve high value creation in knowledge-productive organizations?*

These guidelines are the result of discussions on the answers of research question 1 with about 30 business leaders. The resulting guidelines also offer clear indicators for Human Resource Development such as leadership development and management training. Furthermore, the results of this study also reinforce the relevance of talent and knowledge development and creating a learning climate conducive to improvement and innovation. In the following section, we discuss six guidelines for business leaders and managers. Directions for human resource development accompany each of these guidelines.

Guideline 1. Prioritize value creation as the top priority of the company. Especially, value creation should be regarded as a "shared vision and dream" for all members of the organization.

a) Value creation enables employees to have a vision and dream for the future and encourages them to do their best with a strong ownership spirit (Jung et al., 2008; Shin & Zhou, 2003). Value creation meets stakeholders' expectations and allows the company to contribute to society by meeting its corporate social responsibility (Housted & Allen, 2007). Most importantly, value creation enables sustainable growth of the company.

b) Approaching value creation as a "shared dream", the leader must take on a new leadership role in order to create a harmonious organizational culture in which all organization members can share the vision of value creation.

From the perspective of HRD, leadership development should emphasize the importance of sharing vision and dream with all members in the day-to-day work environment. This requires regular reflection on how the shared vision and dream comes into reality in the workplace, through the cooperation among leaders, managers, and team members. Senior leaders should take up a coaching role for participants in leadership development programs, and show how their dream on value creation can contribute to an organizational culture that promotes engagement in learning, development, and knowledge productivity.

Guideline 2. Implement people-oriented leadership practices for HRD.

- a) Respect organization members as human beings and fellow workers by acknowledging the value of their knowledge and ideas (Chadwich, Barnett & Dwyer, 2008; Harrison & Pelletier, 1997; Oldham & Cumming, 1986).
- b) Empower the organization members to have a vision and dream for the future with a strong ownership spirit (Tosi et al., 2004).
- c) Encourage active delegation of responsibilities with bottom-up decision-making. Emphasize boundary-less open communication, especially between leaders and subordinates (Denison, 2000; Jung et al., 2008; Quinn & McGrath, 1985).

HRD can be helpful in creating people-oriented leadership practices in a formal way by means of management development activities for future leaders, and encourage coaching and mentoring where people orientation is the focal point. Theoretically, HRD-activities can build on aspects of the transformational leadership model, specifically individual consideration (Bass, 1985; Piccolo et al., 2012).

Guideline 3. Create a knowledge-productive and innovative organizational culture.

- a) Provide sufficient freedom to the organization members to be creative and innovative.
- b) Promote boundary-less sharing of information, knowledge and ideas among organization members as part of the company's wealth creation strategy. Encourage respect for and acceptance of different ideas and opinions of others with flexible open minds for convergent creation and adaptation to today's business environment.
- c) Lead company businesses to the "Blue Ocean" for preserving a competitive position in a global knowledge competition through differentiation strategies (Kim & Mauborgne, 2005) that prioritize continuous improvement and radical innovation of products, services and work processes and the development of future growth engine businesses (Kessels, Verdonschot, & de Jong, 2011).
- d) Create a life-long learning culture and invest in the continuous development of human resources and talents (Jung et al., 2008; Kessels, 2004).

HRD can support this guideline by building on the transformational leadership aspect that promotes intellectual stimulation (Bass, 1985; Piccolo et al., 2012). The guideline on creating a life-long learning culture

and facilitating continuous development of human resources and talents (Jung et al., 2008; Kessels, 2004) is the core object of HRD. It can be supplemented by encouraging employees to participate in creative and innovative projects and promote actions that directly contribute to talent development in the day-to-day workplace (Michaels, Handfield-Jones, & Axelrod, 2001).

Guideline 4. Prioritize challenging vision and goals.

The vision and goals should include risk-taking, while seeking new future growth opportunities and adapting effectively to rapid-changing business environments (Mischel, 1973; Nahavandi & Malekzadeh, 1993). Invest sufficient time and effort into sharing the company's vision and goals with all organization members (Shin & Zhou, 2003).

a) Organize and operate risk management systems and establish guidelines for successful implementation of highly challenging future growth engine business projects, taking risks, while minimizing any possible negative impacts.

b) Understand and accept mistakes made by organization members in attempting to meet challenging goals. HRD can build on the idealized influence aspect of transformational leadership (Bass, 1985; Piccolo et al., 2012), helping leaders to convey their vision in an inspiring and convincing way. HRD can encourage employees to take initiative in developing new ways of achieving challenging goals. To counterbalance the threats, risk-taking should go with training and implementing risk management systems.

Guideline 5. Encourage activities related to corporate social responsibility.

a) Encourage active participation in social activities to employees for the good of the community.

b) Emphasize the company's role and responsibility in society, reinforcing and encouraging commitment and engagement with an ownership spirit to organization members.

c) Take a positive and proactive approach towards corporate social responsibility based on progressive and broad concepts, seeking sustainable growth in cooperation and co-existence with ecological systems, creating social shared value for the nation, global society, and mankind (Porter & Kramer, 2011).

d) Stimulate continuous awareness about the use of renewable energy, water, and other resources and find ways of production that contribute to sustainability and environmental protection. A future-oriented, environmentally-friendly technology fuels continuous improvements and radical innovations and improves knowledge productivity.

The relationship between HRD and corporate social responsibility can be viewed from various perspectives. One perspective focuses on the need for improvement and innovation that follows from finding the solutions for the intricate problems when improving sustainability and environmentally-friendly technology. Corporate social responsibility forms the basis for a continuous learning process of a company, leading to new competencies that contribute to knowledge productivity and value creation. The second perspective focuses on the deeper levels of motivation of staff members to contribute to the knowledge development in their company. Companies that make important efforts to play a vital role in the domain of corporate social responsibility are attractive to work for and reinforce commitment, ownership spirit, and royalty. These aspects are closely related to intrinsic motivation (Ryan & Deci, 2000) which is positively related to learning, engagement, and knowledge development (Bakker & Schaufeli, 2008).

Guideline 6. Emphasize transparency, integrity, and honesty.

These elements should be regarded as an inflexible part of policy, thereby creating a safe and trustworthy work environment, while maintaining a strong corporate reputation and image. Emphasizing transparency, integrity and honesty directly relate to creating a learning culture that encourages cooperation, experimentation, curiosity, boundary crossing, creativity, human development, and growth. This guideline is the basis for any activity in the domain of Human Resource Development and probably forms the foundation of authentic people orientation of a company.

References

- Alimo-Metcalfe, B., Alban-Metcalfe, J., Bradley, M. Mariathan, J., & Samele, C. (2008). The impact of engaging leadership on performance, attitudes to work and wellbeing at work. *Journal of Health Organization and Management*, 22(6), 586-598.
- Bukowitz, W. R., & Williams, R. L. (1999). *The Knowledge Management Fieldbook*. Upper Saddle River, NJ: Prentice Hall.
- Carmeli, A., Schaubroeck, J., & Tishler, A. (2011). How CEO empowering leadership shapes top management team processes: Implications for firm performance. *The Leadership Quarterly*, 22, 399-411.
- Chadwick, K., Barnett, T., & Dwyer, S. (2008). An empirical analysis of the entrepreneurial orientation scale. *Journal of Applied Management and Entrepreneurship*, 13(4), 64-86.
- Denison, D. (2000). Organizational culture: Can it be a key lever for driving organizational change? In S. Cartwright, C. Cooper (Eds.), *The handbook of organizational culture*, London: John Wiley and Sons.
- Drucker, P. F. (1993). *Post-capitalist society*, Oxford: Butterworth-Heinemann.
- Harrison, E. F., & Pelletier, M. A. (1997). Managerial attitudes towards strategic decisions: Maximizing versus satisficing outcomes. *Management Decision*, 35(5), 358-364.
- Husted, B. W., & Allen, D. B. (2007). Strategic corporate social responsibility and value creating among large firms. *Long Range Planning*, 40(6), 594-610.
- Hutchings, K., & Michailora, S. (2004). Facilitating knowledge sharing in Russian and Chinese subsidiaries: The role of personal networks and group membership. *Journal of Knowledge Management*, 8(2), 84-94.
- Jin, C. H., & Yeo, H. C. (2011). Satisfaction, corporate credibility, CEO reputation and leadership effects on public relationships. *Journal of Targeting, Measurement & Analysis for Marketing*, 19(2), 127-140.
- Jung, D., Wu, A., & Chow, C. W. (2008). Towards understanding the direct and indirect effects of CEO's transformational leadership on firm innovation. *The Leadership Quarterly*, 19(5), 582-594.
- Kessels, J., & Keursten, P. (2002). Creating a knowledge productive work environment. *LLinE, Lifelong Learning in Europe*, 7(2), 104-112.
- Kessels, J. (1996). *The corporate curriculum*, Inaugural lecture, Leiden University, Netherlands.

- Kessels, J. (2001). Learning in organizations: A corporate curriculum for the knowledge economy. *Futures*, 33, 479-506.
- Kessels, J. (2004). The knowledge revolution and the knowledge economy: The challenge for HRD. In J. Woodall, M. Lee, & J. Stewart (Eds.) *New frontiers in HRD*, London: Routledge.
- Kessels, J., Verdonschot, S. & De Jong, T. (2011), Characteristics of learning environments which support knowledge productivity and which facilitate innovation. In *The future of knowledge intensive service work. Theory and practice of managing human and organizational resources*, Marburg: Metropolis-Verlag.
- Kim, W. C., & Mauborgne, R. (2005). Blue ocean strategy: From theory to practice. *California Management Review*, 47(3), 105-121.
- Makri, M., & Scandura. T. A. (2010). Exploring the effects of creative CEO leadership on innovation in high-technology firm. *The Leadership Quarterly*, 21(1), 75-88.
- Mischel, W. (1973). Toward a cognitive social reconceptualization of personality. *Psychological Review*, 80, 253–283.
- Nahavandi, A., & Malekzadeh., A. R. (1993). Leader style in strategy and organizational performance: An integrative framework. *Journal of Management Studies*, 30(3), 405-425.
- Oldham, G. R., & Cummings, A. (1996). Employee creativity: personal and contextual factors at work. *The Academy of Management Journal*, 39(3), 607-634.
- Piccolo, R. F., Bono, J. E., Heinitz, K., Rowold, J. Duehr, E., & Judge. T. A. (2012). The relative impact of complementary leader behaviors: Which matter most? *The Leadership Quarterly*, 23, 567-581.
- Porter, M. E., & Kramer, M. R. (2011). The big idea: Creating shared value. *Harvard Business Review*, 1-17.
- Quinn, R. E., & McGrath, M. R. (1985). The transformation of organizational culture: A competing values perspective. In P. H. Frost, L. F Moore, M. R, Louis, C. C. Lundberg, & J. Martin, *Organizational culture*, Beverly Hills, CA: Sage.
- Rho, B. H., Lim, C. U., & Hwang, K. J. (2004). A field research on Korean firm's reputation. *Korean Management Review*, 15(1), 29-44.
- Slater, R. (1998). *Jack Welch and the GE way*. Management insights and leadership secrets of the legendary CEO. New York: McGraw-Hill Professional.

- Slater, R. (1999). *The GE way fieldbook*, New York: McGraw Hill.
- Schein, E. H. (2004). *Organizational culture and leadership (3rd Eds.)*, San Francisco: Jossey-Bass.
- Shin, S. J., & Zhou, J. (2003). Transformational leadership, conservation, and creativity: Evidence from Korea. *The Academy of Management Journal*, 46(6), 703-714.
- Tosi, H. L., Misangyi, V. F., Fanelli, A., Waldman, D. A., & Yammarino, F. J. (2004). CEO charisma, compensation, and firm performance. *The Leadership Quarterly*, 15, 405-420.
- Trice, A., & Davis, R. (1993). Heuristics for reconciling independent knowledge bases. *Information Systems Research*, 4(2), 262-288.
- Tsui, A. S., Zhang Z. X., Wang, H., Xin K. R., & Wu, J. B. (2006). Unpacking the relationship between CEO leadership behavior and organizational culture. *The Leadership Quarterly*, 17, 113-137.
- Weiss, D. J., Dawis, R. V., England, G. W., & Lofquist, L. H. (1967). *Manual for the Minnesota satisfaction questionnaire*, Minnesota studies in vocational rehabilitation.
- Wilderom, C. P. M., Van den Berg, P. T., & Wiersma, U. J. (2012). A longitudinal study of the effects of charismatic leadership and organizational culture on objective and perceived corporate performance. *The Leadership Quarterly*, 23(5), 835-848.