

Getting Started

Finding a customer or partner

Once you have identified the best market-entry option for your company in South Korea, the next step is to find potential customers or partners. Tried and trusted methods include:

- **Overseas Market Introduction Service:** UKTI's Overseas Market Introduction Service (OMIS) can tailor-make a list of potential customers, agents, distributors or partners and arrange a programme of meetings with them when you visit South Korea. OMIS can also be used to arrange a seminar or product introduction event in South Korea, which can be an effective way of getting your message across to a number of potential customers.
- **Trade shows and exhibitions:** Trade shows and exhibitions take place in South Korea throughout the year and can be an excellent way to meet potential customers face-to-face. Arranging appointments in advance with pre-identified contacts is essential if you want to make effective use of your time.
- **UKTI-supported trade missions:** UKTI supports a large number of trade missions to South Korea, organised by trade associations and local chambers of commerce. They provide an excellent opportunity for companies to visit the country to find out how business is done and generate valuable sales leads.

Due Diligence

Many of the problems that foreign companies encounter when doing business in South Korea could have been avoided by carrying out some due diligence at the outset.

There are different levels of due diligence, appropriate for different situations. If your sole interest is in exporting, the best proof of a South Korean company's ability to pay is a letter of credit from the bank. If a company can produce this, you do not need to check its financial standing as the bank will have already done so.

A very simple piece of due diligence is to obtain a copy of a company's business licence. This will tell you the following:

- the legal representative of the company
- the name and address of the company
- the amount of registered capital, which is also its limited liability

- the type of company
- the business scope
- the date the company was established and;
- the period covered by the licence.

You should check that the information contained in the business licence matches what you already know and, if it doesn't, then find out why. You will have more security if you know who the legally responsible person is, so find out who you are dealing with. The shareholders of the company are responsible for the amount of liability as stated as registered capital on the business licence. You can check whether or not the registered capital has been paid up by using a firm of accountants to get a Capital Verification Report.

If you want to establish a business relationship that goes beyond exporting, you will need to carry out further research. It is not enough simply to obtain a copy of a company's accounts, as they may not be accurate. Accounts in South Korea are unlikely to be audited to the standards routinely expected in the UK, and companies may have different sets of accounts for different audiences, so it is advisable to use such data in conjunction with information obtained from elsewhere.

Good-quality consultancy and assistance is available from firms resident in South Korea and the UK. These companies can carry out operational, financial, legal and technical due diligence checks, typically by looking at the actual operation of the business, and building up a more accurate picture by carefully interviewing people who work in and with the firm. UKTI has lists of consultancies based in the UK and South Korea that can provide due diligence checks on South Korean companies.



Employing Staff

South Korea has a motivated and highly educated workforce that leads the world in a range of hi-tech disciplines. 7% of the country's GDP is spent on education and 74% of South Koreans undertake postgraduate-level education. You will find workers here to be disciplined, hard working and keen to undergo training.

South Korea greatly values its workforce and is keen to attract high-quality skills from overseas. It has recently relaxed restrictions on visas for overseas workers. The organisation Contact Korea, has Korean Business Centres in 29 countries around the world, including the UK, dedicated to attracting talented people to work in South Korea. For further information visit: www.contactkorea.go.kr/en

Skills development South Korea is keen to promote ongoing skills development. South Korea's Employee Skills Development Act exists to promote employee skills development and improve the productivity of the country's businesses. For further details visit: www.moel.go.kr/english/topic/laborlaw_view.jsp?idx=220&tab=Skills

The Ministry of Employment and Labour (MOEL) in South Korea is the body that oversees issues such as employment conditions, industrial relations, accident protection, welfare promotion, job security and vocational training. For more information visit: www.moel.go.kr/english

Recruitment channels There are several channels for recruiting staff in South Korea. It is worth remembering that South Korea is one of the most internet-enabled countries in the world – 9 out of 10 homes have access to the internet and the country has the highest rates of broadband usage – so the internet is an ideal way of publicising job vacancies. See below for the most used channels for recruiting staff:

- Advertise jobs to UK graduates on the UK's official graduate careers website: www.prospects.ac.uk/south_korea_job_market.htm
- Online job services, such as www.contactkorea.go.kr/en and <http://jobs.asiabot.com>
- Classified adverts for jobs in English are available in English daily newspapers, such as The Korea Times and The Korea Herald.
- Other newspapers (many of which have English-language pages) include: Chosun Ilbo; Dong-a Ilbo; Korea Economic Daily; Maeil Business; Hangyore Sinmun; and JoongAng Ilbo.
- Trade journals for key industry sectors, such as Fashionbiz, M&M, VM Space, GG Game, Monthly Design and Monthly Motors.
- For industry-specific periodicals, please contact the relevant UKTI Commercial Officer in South Korea.

Recruitment companies South Korea is a member of the International Confederation of Private Employment Agencies (CIETT). There are many experienced domestic and international recruitment agencies operating across the country's main business regions. Companies like Manpower, Heidrick & Struggles and Adecco have a permanent base in South Korea. Contact the British Embassy, British Chamber of Commerce or educational institutes.

Recruitment process When you are recruiting in South Korea, make sure that you carry out all the normal steps that you would if recruiting in the UK:

- * Ensure that candidates' technical and linguistic capabilities match their claims and that you hire staff at the right level for the role.
- * Carry out due diligence. This includes conducting personal background checks and checking all references before offering the position.
- * Offer appropriate remuneration. It can be difficult to find up-to-date statistics on the going rate of pay for certain types of employment. Engineers, for example, can earn between 5 million KRW (US \$4,500) a month and 8 million KRW (US \$7,200). Talk to UKTI South Korea for advice on salary levels.

Overseas training Offering employees the opportunity to train overseas is also very attractive at all levels, although make sure that in return for providing such training employees make a commitment to stay with your company for a specified period of time.

A word of caution A lot of smaller companies setting up an office in South Korea may well just employ one person to deal with all aspects of running the company. Although this may be convenient and cost-effective, it might not be the best way to run your operation.

If your employee is not familiar with the rules and regulations pertaining to running an international office or business in South Korea, then you may soon have to deal with issues of non-compliance, which could prove very costly. Moreover, having one person in control of all financial and legal aspects of the business is obviously risky.

Working hours South Korea has one of the longest weeks in the world. Recent legislation limits the average working week in any two-week period to 40 hours and prevents workers being required to work a 12-hour day. However, this is not widely observed and most people still work late into the evening. Standard working hours in the country are 09.00-18.00, Monday to Friday.

Public holidays There are 15 national holidays in South Korea and most of them are observed by the majority of offices and businesses. In addition, workers accrue leave based on their attendance record and the number of years with a company.

Public holidays are:

January 1st:

New Year's Day

1st day of 1st lunar month:

The Lunar New Year (Seolal) is the most important of the traditional Korean holidays and lasts three days

March 1st:

Independence Movement Day

8th day of 4th lunar month:

Buddha's Birthday (Seokka Tanshin-il)

May 5th:

Children's Day

June 6th:

Memorial Day

July 17th:

Constitution Day

15th day of 8th lunar month:

Mid-autumn Festival (Chuseok). This is also a three-day holiday

August 15th:

Liberation Day

October 3rd:

National Foundation Day

December 25th:

Christmas Day

Language

South Korea has its own language (Korean) and alphabet (Hangul). Hangul consists of 10 vowels and 14 basic consonants. You will find a basic explanation of Korean vowels and consonants on the Korea.net website; www.korea.net

Korean is the official business language of South Korea. However, English is widely spoken amongst senior business people and government officials. While high-level business meetings may be conducted mainly in English, your hosts will appreciate it if you use their language whenever possible.

When speaking in English, remember to talk slowly and repeat key points. In order to save face, your Korean hosts will not necessarily say that they don't understand something. Interpreters may be required for business meetings, particularly outside Seoul and other major cities. All important negotiations should be carried out with an interpreter present so as to avoid doubt. It is also advisable to have all written documents translated into Korean. UKTI can help you find a translator or interpreter.

Some common phrases:

English

Korean

Good morning

An nyeong ha se yo

Good afternoon

An nyeong ha se yo

Good evening

An nyeong ha se yo

Good night

An nyeong hi ju mu se yo

Goodbye

An nyeong hi ga se yo

See you again

To man na yo

Yes

Ne

No

Ah Ni Yo

Please

Bu tak ham ni da

Thank you

Gam Sa Ham Ni Da

Please sit down

An ja Jeu Se Yo

Please come in

Tu ro ose yo

Excuse me

Sil ley ham ni da

I come from

Eso wat seub ni da

My name is...

Je ireum eun

What is your name?

Ireum i mu eot ip ni ka?

Can you speak English?

Young eo ha se yo?

Marketing

To reflect the fast-paced nature of the South Korean marketplace, and its highly sophisticated media, your marketing strategy will need to be continually reassessed, polished and refined.

Sales literature – Trade shows and exhibitions are a good way of meeting potential new customers, but you still need to persuade them to buy your product. To be most effective, sales literature should be in Korean and in English and you need to decide what kind of advertising is appropriate.

Product and service adaptations – You may need to adapt your product or service to meet the needs of the South Korean market. Marketing research can help you to identify any adaptations you need to make.

Brands – South Koreans are brand-savvy and price-conscious. They associate imported brand names and higher prices with superior quality. Consequently, South Koreans will pay close attention to country of origin, particularly when shopping for clothes.

They tend to prefer fashion brands imported from Europe and the US over imports from other Asian countries, such as China. Luxury brands are viewed as a mark of wealth and social status.

Sales promotion – Companies that appoint local partners can usually be guided by them with regards to the type of advertising and sales promotion that would suit the launch of their product/s. UKTI in South Korea can advise on using the residence of the British Embassy in Seoul to announce the launch or presence of UK goods and services in the country.

The media – South Korea is one of the few Asian nations where there is genuine news pluralism. The country has more than 100 national and local daily newspapers and readership is high. There are several terrestrial TV networks and most of the population subscribes to digital, cable and satellite. The country leads the world in high-speed and wireless internet.

You may wish to work with local marketing specialists who will understand the most appropriate channels for reaching your target market. UKTI in South Korea can provide contact details.

TV and radio – South Korea has four main broadcasting companies: Korean Broadcasting System (KBS), Munhwa Broadcasting Corporation (MBC), Seoul Broadcasting System (SBS) and Education Broadcasting System (EBS). Most broadcast in Korean only. There are also many cable and satellite channels, including Arirang TV, Donga TV, On Game Net and MNET.

Arirang TV is the main English broadcaster and some foreign news channels are available, including the BBC and CNN. KBS runs six radio networks, including KBS World Radio, while Munhwa Broadcasting Corporation also has its own radio stations. TBS eFM is the Seoul-based English-language network.

Newspapers – Among the main daily newspapers are: Chosun Ilbo; JoongAng Ilbo; Dong-a Ilbo; Hangyore Sinmun; Hankook Ilbo and Munhwa Ilbo. There are three main English-language newspapers: The Korea Herald, The Korea Times and The JoonAng Daily, which comes bundled with The International Herald Tribune.

News agency – The news agency for South Korea is Yonhap News Agency.

Internet – According to Internet World Statistics, nearly 37.5 million South Koreans were online in June 2009. The country leads the world in wireless and high-speed internet.

Day-to-day communications

Once you have made contact with a South Korean company, it is likely that your day-to-day phone and email communication will be in English with one of the firm's English-speaking members of staff. If you do not think the standard of English is up to scratch, you might wish to ask for parallel texts in Korean and get them translated. This could form a valuable investment.

If you are going to sign anything – as obvious as it sounds – make sure you get it translated first – and by an independent translator. Do not rely on your suppliers' translation and do not be pressurised into signing anything that you do not fully understand. Most breakdowns in overseas business relations occur because of fractured communications and mutual misunderstandings.

If South Korea is likely to become a significant part of your business, you may wish to consider hiring a Korean-speaking member of staff. You might also consider taking up the challenge of learning Korean yourself. However, even if you do achieve a level of fluency, an interpreter or Korean-speaking member of staff is still an essential for business meetings.

Interpreters

While English is widely spoken among international businesses in South Korea, you will generally need to employ interpreters during formal meetings and negotiations to prevent any misunderstandings.

There are two forms of interpreting. Consecutive interpreting means you speak and then your interpreter speaks: this is the usual form for meetings, discussions and negotiations. Simultaneous interpreting involves the immediate translation of your words as you speak them. This requires special equipment and can be expensive. It is generally used only for large seminars and conferences.

Interpreting is a skill requiring professional training. Just because someone is fluent in English and Korean, it does not necessarily mean that they will make a good interpreter.

If you are giving a speech or presentation, remember that the need to interpret everything will cut your speaking time approximately in half (unless using simultaneous interpreting). It is essential to ensure that the interpreter can cope with any technical or specialist terms in the presentation. If you are giving a speech, give the interpreter the text well in advance and forewarn them of any changes.

To get the best out of your interpreter:

- Hire a well-briefed professional interpreter. Though this is likely to be expensive, it will be money well spent.
- Have your own interpreter available, even if your South Korean counterparts have one for their side. With your own interpreter, you should also be able to get some post-meeting feedback concerning the nuances of what was said (and – just as importantly – not said).
- Try to involve your interpreter at every stage of your pre-meeting arrangements. The quality of interpretation will improve greatly if you provide adequate briefing on the subject matter.
- Ensure your interpreter understands what you are trying to achieve.
- Speak clearly and evenly with regular breaks for interpretation.
- Don't ramble on for several paragraphs without pause. Your interpreter will find it hard to remember everything you have said, let alone interpret all your points.
- Conversely, don't speak in short phrases and unfinished sentences. Your interpreter may find it impossible to translate the meaning if you have left a sentence hanging.
- Avoid jargon, unless you know your interpreter is familiar with the terminology.
- Listen to how your interpreter interprets what you have just said. If you have given a lengthy explanation but the interpreter translates it into only a few words, it may be that they have not fully understood, or they may be wary of passing on a message that is too blunt and will not be well-received by the audience.
- Make sure that your message is getting through clearly and in a tone that will not cause resentment.

A list of translators and interpreters is available on request from UKTI in South Korea.

Source - UKTI

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