That was the year Jae-Un Chung joined Samsung Electronics. He eventually rose to vice chairman. He then used the management skills he learned during the first half of his productive career to guide Shinsegae Group in its quest to become South Korea’s largest retailer. His story and their growth are inseparably entwined.

Chung joined Samsung immediately after receiving a master’s degree in industrial engineering and operations research. By 1978, he was managing director. He became president of Samsung Electronics and Samsung Electro-Mechanics in 1983, and vice chairman three years later.

Chung introduced many best practices from the world’s top companies. He spearheaded Samsung’s 10-year plan to diversify its operations. He also instituted quality systems that improved product and administrative consistency, and that enabled Samsung to establish itself in export markets. He boosted research spending, especially in advanced materials, strengthened the company’s intellectual property position, and formed alliances with some of the world’s top technology companies. These moves laid the foundation for Samsung’s strong growth in memory chips, LCD televisions, and mobile phones.

Equally important, Chung created a more open style of management. He stopped tracking employee hours and broke down barriers that prevented employees from bringing problems to the attention of top management. He hired and promoted women employees, and opened company meetings to engage all workers in identifying and solving problems. These efforts paid off handsomely. The new management policies helped Samsung boost productivity 40 percent two years in a row. Sales soared. In 1975, Samsung Electronics ranked 27th among electronics manufacturers. By 1985, the year before Chung was named vice chairman, it had grown into the world’s ninth largest electronics manufacturer. Chung remained vice chairman of the company until 1988, when he moved to Samsung Petrochemical and then Samsung Aviation. In 1992, he was named chairman of the Chosun Hotel, and in 1993, chairman of its parent company, Shinsegae Group (which had been part of Samsung until 1991). In addition to the hotel, Shinsegae also operated several department stores and a construction firm.

In his new role, Chung introduced many of the same innovations he pioneered at Samsung, establishing a more open management style, focusing on customer needs, and applying quality principles to all aspects of the business. He drew on his broad international experience to innovate. When Chung joined Shinsegae, Korea had few large department stores and many family stores and public markets. Chung created the nation’s first discount hypermarket, E-Mart. It proved an instant success. By the late 1990s, it had grown into the nation’s largest retailer. Today, Shinsegae operates 135 E-Marts in Korea plus another 27 in China.

Chung has served as Shinsegae’s honorary chairman since 1996 and continues to contribute his insights to the company. He—and Samsung and Shinsegae—have come a long way in the past 40 years.

Today, Samsung is a well-known international brand. In fact, it is hard to imagine a time when its televisions, mobile phones, semiconductors, and home appliances were not ubiquitous. Yet Samsung did not even establish its electronics business until 1969.

Pioneering an Open Management Style

JAE-UN CHUNG ’64, MS ’69