A man newly retired from the military completed numerous job application forms, invariably leaving blank the entry line for listing family members of social influence or serving as managers in the company. He repeatedly failed to secure a job and suspected that his lack of social connection might be the reason. One day while waiting for an elevator at a company he planned to apply to, he encountered an employee identified by a nametag as Director of General Affairs, Mr. Kim B.S. He subsequently identified Mr. Kim on his application as his cousin. He secured an interview, only to find himself facing an astonished Mr. Kim among his interviewers. When Mr. Kim inquired, “Do you know me?” the man deftly replied, “I have respected you as my cousin.” Mr. Kim smiled and asked a few questions, and a week later the man received an acceptance letter. Mr. Kim took him aside on his first day of work and confided that he had used the same ruse to obtain employment, commencing and sealing a unique sort of kinship.

I. Introduction

MBC Radio’s recent broadcast of the above story vividly depicts the importance of social networks in the modern Korean labor market. Firms routinely ask job applicants to list names of socially influential persons in their families because they use personal connections to conduct business. Firms in legal trouble, for instance, benefit from connections with prosecutors; those seeking government permits use connections with bureaucrats to get results.

Connections are important in every society, including advanced industrial nations. Whether a guanxi (Yang 1994), an old boys network, an F-connection, an alumni network, or a cozy triangle, personal networks loom large in business and politics. But the ways in which networks are structured and the types of goods they exchange vary across societies. First, Korean social networks involve not only dyadic but also generalized exchanges (Ekeh 1974). Dyadic exchange involves two transaction partners
who reciprocate favors. Generalized exchange features multiple actors: A gives valuable resources to B, B passes the favor to C, C to D, and so on. A’s favor may or may not be returned in the unspecified future by other network members. Secondly, the personalistic nature of Korean ties promotes not only information exchange but also control exchange. Control exchange occurs when network members exchange among themselves institutional resources, rights, or power they own or control. High political loyalty, for instance, may be given a network member of higher party position irrespective of his/her competence in exchange for party favors; bureaucratic control over permits for entering a certain industry may be exchanged for the petitioner’s donation, gift, or bribe.

Control exchange through personalistic ties continues to condition the Korean economy, society, and politics despite the rapid advance of industrialization and democratization. Against the contention of modernization theories that industrialization and capitalism breed universalism (Toennis 1971, 76–98; Durkheim 1933, 203–4; Lerner 1958, 183–89; Parsons and Shils 1951) and that meritocracy eventually erodes traditional social arrangements, particularistic ties have not attenuated in modern Korea (Chang, Y. 1991). On the contrary, most persons invest in social networks as a rational decision because they have personally experienced their value as resource distribution channels and sources of collective identity. The old boy’s network undeniably played a decisive role during Korea’s rapid economic development, facilitating information flow among bureaucrats and capitalists (Amsden 1989). State-led industrialization succeeded by drawing on state-business networks based on particularistic ties (Evans 1995).

Three yonjul—regional, school, and kin ties—are the most important networks in Korea. For instance, when a new political party assumes power, senior state bureaucratic positions fall to persons who share the party leader’s regional origin. Family members of a Chaebol owner head its subsidiary companies as CEOs and managers. A recent study reports that 63% of chaebol founders’ sons, 37% of founders’ siblings, and 20% of siblings’ sons occupy the respective chaebols’ top managerial positions (Chang, D. 2001). Market transactions also occur frequently and regularly through alumni connections.

A national survey confirms Koreans’ conscious, extensive reliance on these three relations (KSA 1990). Fifty eight percent of respondents reported using kin relations, 46% regional relations, and 29% school ties in their everyday lives. Reliance on school ties was lowest because of the expense of acquiring that sort of social capital.

This chapter analyzes how Korean social networks operate and proposes a theory as to why particularistic social networks, or yonjul, have become major sources of
resource allocation and collective identity. It focuses specifically on regional networks because regionalism and regional conflict have become major social problems in recent years and empirical studies on this issue accordingly abound. Based on the analysis of regional networks, the chapter concludes with the generalization that low institutional accountability and transparency have facilitated the development of *yonjul*, and with an exploration of whether *yonjul* will prevail in the information age as in the industrial age.

II. Regional Network Structure

Regional network consolidation and regionalism are two sides of the same coin. Regionalism can be defined as a set of ideologies (or prejudices) and institutions that encourages persons to favor others within their region above those outside. Recruitment of economic and political elites almost exclusively through regional networks derives from the regionalism of power holders and from institutional factors that promote in-region favoritism.

The structure of regionalism is best clarified through considering the seven basic regional units in South Korea, based on administrative provinces: Seoul, KyungGi, Chungchung, Kanwon, Honam, Yongnam, Kangwon and Cheju (Figure 1). The precise administrative boundaries of these regions were set by the Japanese colonial regime but borders had existed since the Chosun Dynasty, founded in 1392. The social distance among these regions is a good indicator of the significance and structure of regionalism.
1. Subjective Social Distances

The social distance scale developed by Borgardus (1958) and his students\(^1\) shows the extent to which persons refrain from interacting with others from certain regions. Figure 2 is a simplified depiction of subjective regional distance, where arrow thickness represents magnitude of social distance. First, all regions express strong anti-Honam sentiment. Indeed, anti-Honamism among Koreans appears stronger than anti-Semitism among Americans. A large proportion of people eschew Honam persons as business partners (32%), spouse (28%), friend (24%), or neighbor (20%). Because trust in business relations is essential—particularly in a rapidly growing economy—the strong disdain of Honam persons as business partners may derive from their stereotype as being opportunistic. Second, the greatest anti-Honam attitude is in Cheju and Yongnam, where almost 50% refuse to accept Honam business partners. Third, Yongnam is also rejected, and that only by Honam. In short, Honam is the center of negative social distance, with no other region so uniformly cast out (Cho 1987; Kim, M. 1987).

\(^1\) The social distance scale used in a 1989 national survey measured four indicators: respondents’ willingness to accept individuals from each region as a spouse, business partner, close friend, or neighbor.
2. Regionalism and Politics

Regional cleavage is most apparent in presidential elections. The election of President D.J. Kim in 1997 represented the first regime change since foundation of the republic in 1948. The power base of his political party was Honam, while presidents since 1963 had came from Yongnam. Table 1 shows that more than 90% of Honam residents voted for D.J. Kim in the 1997 election, while only 11-15% of Yongam supported him. Such block voting was new in Korean political history; presidential elections between 1963 and 1971 revealed no such pattern. Former president Park, who originated from Yongnam, for instance, received roughly half of Honam’s votes in 1963 and 1967 elections, no lower a percentage than the national average. In 1987, however, in both Honam and Yongnam, about 90% of voters favored candidates from their own region. Furthermore, only in Honam, a man’s regional origin could even predict his wife’s vote (Kim, Y. 1997). Region thus served as a strong predictor of probable vote choice.

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2  No popular vote for president took place during the 16-year dictatorship.
3  This regional voting was even more remarkable considering that candidates were not leaders in local politics. The Korean state is highly centralized, without local governments or parties.
However, block voting reflects not only in-group solidarity, but also out-group animosity (Bae 1990). During the 1987 election campaign, for instance, several riots broke out. When D.J. Kim visited Yongnam for a campaign speech, residents cast stones and beat campaign crews. Y.S. Kim from Yongnam received similar treatment when his campaign visited Honam.

Why have regional block voting and out-group animosity in these two areas intensified in recent years? Are there historical roots to regionalism? The next section examines this question.

Table 1. Changing Patterns of Presidential Voting by Region

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<thead>
<tr>
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<tbody>
<tr>
<td></td>
<td>Park vs. Yoon</td>
<td>Park vs. Yoon</td>
<td>Park vs. DJ Kim</td>
<td>Ro vs. DJ Kim</td>
<td>DJ Kim vs. Lee</td>
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<tr>
<td>Seoul</td>
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<td>47; 53</td>
<td>40; 60</td>
<td>28; 28</td>
<td>45 ; 41</td>
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<tr>
<td>KyungGi</td>
<td>37; 63</td>
<td>44; 56</td>
<td>50; 50</td>
<td>44; 20</td>
<td>39 ; 34</td>
</tr>
<tr>
<td>Kangwon</td>
<td>45 55</td>
<td>55; 45</td>
<td>61; 39</td>
<td>70; 2</td>
<td>24 ; 42</td>
</tr>
<tr>
<td>Choongchung</td>
<td>45; 55</td>
<td>50; 50</td>
<td>56; 44</td>
<td>35; 4</td>
<td>41 ; 26</td>
</tr>
<tr>
<td>Honam</td>
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<tr>
<td>North</td>
<td>54; 46</td>
<td>46; 56</td>
<td>37; 63</td>
<td>14; 82</td>
<td>91 ; 8</td>
</tr>
<tr>
<td>South</td>
<td>62; 38</td>
<td>49; 51</td>
<td>35; 65</td>
<td>5; 94</td>
<td>93 ; 5</td>
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<tr>
<td>Yongnam</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>North</td>
<td>61; 39</td>
<td>71; 29</td>
<td>76; 24</td>
<td>65(89)**; 2</td>
<td>14 ; 62</td>
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<tr>
<td>South</td>
<td>67; 33</td>
<td>75; 25</td>
<td>74; 26</td>
<td>37(88)**; 3</td>
<td>11 ; 54</td>
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<tr>
<td>Pusan</td>
<td>50; 50</td>
<td>67; 33</td>
<td>56; 44</td>
<td></td>
<td>15 ; 53</td>
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<tr>
<td>Total</td>
<td>51; 49</td>
<td>55; 45</td>
<td>54; 46</td>
<td>37; 22</td>
<td></td>
</tr>
</tbody>
</table>

Park was from Yongnam South, Yoon and Lee were from Seoul, Kim was from Honam South.

* %s do not sum to 100 because of third candidate, Y.S. Kim.

** Numbers in parentheses calculated by adding votes received by Y.S. Kim from Yongnam South.

3. Causes of Regionalism

Two theories purport to explain Korean regionalism. One, which I identify as Theory H, traces the origin of regionalism far back into history to the 10th century Koryo Dynasty (Kim, J. 1988, 237). It focuses on the subjective aspects of regionalism, such as social prejudice. This view contends that regional inequality and conflict are consequences of historically rooted prejudice (Song 1990).

The earliest written historical document supporting Theory H is King Wang-gun’s
Ten Commandments, promulgated in 943 C.E. The King warns, “Do not promote Honam people to higher government positions, for their minds resemble the rugged mountains surrounding them.” Three additional materials from the Choson Dynasty are often cited, which characterize Honam people as opportunistic. The importance of these historical documents, however, remains obscure because we have no way of knowing whether they reflect the prejudice of a few power holders or the broader population. Extensive historical analysis of elite recruitment during the Koryo Dynasty, for instance, reveals no regional discrimination (Kwon 1989).

The second perspective, Theory P, focuses on political processes set in motion by General Park’s (Yongnam) 1961 assumption of state power through coup d’etat. It views regional inequality as a cause, not consequence, of anti-Honam prejudice. Honam backwardness stems from the fact that policy decisions belonged to military and political leaders mainly from Yongnam (Cho 1987; Kim, J. 1988; Moon, S. 1988, 7; Kim, M. 1987, 76; 1991; Na 1990). Theory P accordingly views economic and political inequalities among regions (e.g., based on leaders’ origins) as the prime cause of regionalism. Theory P analyses of political elite recruitment show that higher political positions were essentially the province of Yongnam persons from the 3rd to the 7th republics. Figure 4 clearly betrays heavy reliance on regional networks for recruiting elites. The cumulative numbers of ministers and vice-ministers appointed by presidents serving military juntas shows Yongnam overrepresentation: Yongnam provided 160 ministers, three times more than any other region. Inequality rose exponentially after General Chon from Yongnam took power by coup in 1980. The same pattern described regional distribution of CEOs in government-run companies, generals in the military, and congressmen in government-appointed positions (Kim, Y. 1990). The conspiracy theory, a variant of Theory P, argues that the dictatorial military regime created and exploited regional conflict as a divide-and-conquer strategy to weaken political resistance to the regime (Choi 1991).

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4 Lee Choon Whan’s Taekrijee, Ahn Jong Bok’s Paldopyung, and Jungkamrok (author unknown).

5 I end data with 1987 because when President Y.S. Kim assumed office that year, he deliberately sought to reduce regional inequality based on the power of political elites.
Differences between the two theories in terms of causal sequences can be summarized as follows:

Theory H: Long-standing Historical Views $\rightarrow$ Regional Prejudice $\rightarrow$ Regional Inequality and Regionalism

Theory P: Political Processes since 1960s $\rightarrow$ Regional Inequality and conflict $\rightarrow$ Regional Prejudice

Regional newspapers reflect these differences in revealing ways. *Kwangju Daily (Honam)* adopts Theory P, while *Taekoo Daily (Yongnam)* follows Theory H. Theory H would imply that policies seeking to reduce regional conflict should adopt a long-term perspective since regional sentiments have deep roots in historical experiences (Kim, J. 1988). Theory P, conversely, would encourage immediate attention to reducing current structural aspects of regional inequality to resolve conflict.

Integrating variables the various theories consider, we can describe the main causal sequence suggested by Figure 2.

1. During the *Chosun Dynasty* (1392–1910) a higher proportion of *Honam* peasants moved to other regions to escape from the exploitation by landlords. Perhaps, as unwelcome poor immigrants, they had negative interactions with natives. This perhaps fostered unfavorable stereotypes of *Honam* (Song 1990). The authoritarian government’s reliance on regional
networks within *Yongnam* to recruit power elites created economic and political inequalities as elites advanced industrialization by investing almost exclusively in *Yongnam*.

2. *Homan*’s backwardness had two outcomes. First, it exacerbated lower class *Honam* persons’ clustering in urban areas when in urban cities of other regions.\(^6\) Second, it reinforced the relative deprivation of *Honam* persons\(^7\), already victims of social prejudice.

3. Under the leadership of D.J. Kim (later elected president in 1997), *Honam* challenged *Yongnam*’s monopoly of economic and political resources. The dictatorial regime countered by mobilizing anti-*Honam* bias (Na 1990; Kim, M. 1987; Bae 1990).\(^8\)

4. Because such mobilization of bias resorted to prejudice, anti-*Honamism* was widely accepted and escalated. In reaction, *Honam* developed negative attitudes towards *Yongnam*, who monopolized resources.

In sum, development of regionalism made the regional network a primary channel of information and resource flows. In-group solidarity and out-group animosity regionally bounded friendship and business relations in a process that alienated *Honam* from all regions.

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\(^6\) *Honam* persons’ proportion in the current Seoul population, for instance, is the largest of any group (one quarter), even larger than that of Seoul natives. Their income levels fall in the lowest bracket.

\(^7\) A survey shows that a half of *Honam* persons thought that government economic development policy was the most important source of regionalism (KSA, 1990).

\(^8\) One illustration of their manipulation of mass media occurred during the 1980 *Kwangju* massacre: All newspaper dailies—all subject to tight junta censorship—featured an article falsely alleging that “*Honam* rioters set cars with *Yongnam* license plates on fire” (Moon, S. 1988, 196–202).
We need, then, to determine why political elites of the military regimes so extensively relied on regional networks, and, in so doing, to explain why Koreans in general rely on particularistic ties in their business and everyday lives. From this I will elaborate a general theory, not specific to Korea, a theory of unintended consequences of individual actions to cope with institutional uncertainty. Specifically, when institutional predictability and accountability are low, individuals rely on personal
networks to reduce uncertainty.

The literature on organizations gives special attention to the issue of leader succession. Numerous studies indicate that problems surrounding leader succession within state bureaucracies, public organizations, and private firms encourage consolidation of particularistic personal networks (Meyer 1975; Helmich and Brown 1972; Meyer and Brown 1977; Grusky 1964, 96–98; 1961, 261–69; 1960, 114; Kriesberg 1962). For instance, in Gouldner’s (1954) case study of succession within a gypsum factory, a newly appointed factory leader who lacked general support replaced current managers with individuals with whom he had personal ties. In other words, the new leader strategically attempted to reduce the disruptive effect of succession—to control uncertainty—by mobilizing particularistic ties.

Similarly, political elites from Yongnam since the 1960s sought to reduce political uncertainty concerning loyalty by recruiting cronies from their own region for responsible positions. Because the dictatorial military regime lacked legitimacy and faced a possible counter-coup, it ‘internalized externalities’ to reduce its vulnerability (Williamson 1975; 1981). As Downs argues (1967, 70–71), when a power holder can distribute resources freely, it behooves him or her to channel such resources to personal contacts in exchange for loyalty. Thus, overrepresentation of a certain region among political elites was not an intended but an unintended consequence, as illegitimate power holders sought to secure their positions.

The above discussions can be generalized to non-political settings. When the behavior or circumstances of public institutions are unpredictable, individuals create and rely on personal networks to circumvent uncertainty. For example, when the judicial process lacks transparency or accountability, court judgments are unpredictable. Because this leaves individuals without legitimate means to approach the court, to reduce unpredictability they may turn to unorthodox strategies, such as using personal connections with persons with court influence (e.g., judges and other officials). A recent study reports that 90% of university students in Korea doubt the fairness of the judicial system (Kim, Y. 1996).

Low institutional accountability has long characterized the traditional patrimonial state. According to Weber, power holders in such states *privately own the means of administration*. This situation creates irrationalities in the administration of law and taxes that defy all calculation (Weber 1968, 240). Comparing Roman with Chinese law, Weber argues,

The [Roman] formalist law is, however, calculable. In China it may happen that a man who sells a house to another may later come to him and ask to
be taken in because in the meantime he has become impoverished. If the purchaser refuses to heed the ancient Chinese command to help a brother, the spirits will be disturbed; hence the impoverished seller comes into the house as a renter who pays no rent. Capitalism cannot operate on the basis of law so constituted. What it requires law which can be counted upon, like a machine. Ritualistic-religious and magical considerations must be excluded. (Weber 1981, 342)

Weber’s insights help illuminate the modern era in Korea as well. Though the Korean legal system and bureaucracy are imported from the West and therefore formally represent universalism, in their actual workings they are unpredictable and incalculable. Content analysis of news articles in the national newspapers indicates the degree to which institutional distrust became a greater social issue following the 1997 economic crisis.

<Table 2> Content Analysis of National Newspaper Articles

<table>
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<tr>
<th>Subject</th>
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<td>3</td>
<td>35</td>
</tr>
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<td>Government Authorities</td>
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<td>19</td>
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<td>Prosecutor and Legal System</td>
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<td>7</td>
<td>46</td>
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<tr>
<td>Government Policies and Services</td>
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<td>12</td>
<td>28</td>
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<td>Financial System and Its Reform</td>
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<td>6</td>
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<td>Market and Economic Institutions</td>
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<td>8</td>
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<tr>
<td>Education System</td>
<td></td>
<td>4</td>
<td>6</td>
<td>17</td>
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<tr>
<td>Foreign Policy</td>
<td></td>
<td>4</td>
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<td>20</td>
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<tr>
<td>Relations with North Korea</td>
<td></td>
<td>4</td>
<td>5</td>
<td>24</td>
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<tr>
<td>Credibility of the Nation</td>
<td></td>
<td>35</td>
<td>26</td>
<td>18</td>
</tr>
<tr>
<td>Politicians and Congress</td>
<td></td>
<td>36</td>
<td>28</td>
<td>101</td>
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<tr>
<td>Firms and CEOs</td>
<td></td>
<td>17</td>
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<td>34</td>
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<td>Labor Relations</td>
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<td>Morality and Social Trust</td>
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<td>Technology and Risk Management</td>
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<td>14</td>
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<tr>
<td>Public Opinion Research</td>
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<td>158/214/468/</td>
<td>1973/1836/4691/</td>
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I searched all the newspaper articles carrying the key words Trust or Distrust during the 1997–99 period and found 8100 articles. Frequency increased dramatically over the period as Korea attempted to reform the economic and government sectors to overcome the economic crisis, i.e., the 1997 IMF bailout. Among these articles I sampled roughly 10% to identify the context in which the word appeared. Some trust issues concerned the Information Society (e.g., whether a cyber shopping mall is trustworthy), but most related to trust of government institutions, including the congress, politicians, and legal and economic institutions. More recently, the state took no action to prevent Dawoo conglomerates from going out of business, but is subsidizing the insolvent Hyndai with a few billion Won. Why the difference? Hyndai supported the state’s unification policy by investing in North Korea, losing vast funds but securing government loyalty. The process tied survival of private firms to political decisions. Such activity encourages interpersonal networking between influential individuals in business and government. Predictability and accountably diminish and networking grows ever more crucial.

Extensive reliance on kin networks within chaebol management occurs in the same manner. When a firm’s audit system is not regulated, its owner recruits individuals he most trusts as managers, most often family members (Fukuyama 1995). Again, institutional uncertainty fosters heavy reliance on personal connections. Merit and performance may be outweighed by other factors more important to providing predictability.

IV. Implications for the Network Society

Western scholars have described East Asian capitalism as network capitalism, alliance capitalism, relational capitalism, Confucian capitalism, and crony capitalism (Biggart 1991; Biggart and Hamilton 1992; Orru, Biggart, and Hamilton 1991; Dore 1986; Gerlach 1992). Despite the various appellations, all emphasize that East Asian capitalism relies on particularistic ties in market transactions, state-business interactions, and state policy implementation (Moon and Prasad 1994; Amsden 1989). How, then, will East Asian nations, particularly Korea, proceed into the information age? A “network society” emerges as information technology develops through increases in interpersonal, organizational, and production networks (Castells 1996). It differs from a

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9 I used the database [http://www.kinds.or.kr/](http://www.kinds.or.kr/)
yonjul society in being driven by information technology and globalization, and therefore, being open and universalistic. What lies ahead for Korea?

Historically, Koreans developed yonjul as a self-help system to redress public sector neglect of social welfare. Within the boundaries of each yonjul, members could rely on processes of resource mobilization and deployment. The system developed a double standard, such that rules for “us” differed from those for “them.” Yonjul provided flexibility, tolerance, self-help, mutual understanding, and trust among the “in-group.” The “outgroup,” beyond each particular yonjul, were “non-persons,” subject to mistrust, discrimination, and hostility (Fukuyama 1995).

Flexibility within a yonjul, no matter how locally efficient, undermines broader institutional predictability. It subverts institutional and universal codes of conduct. When institutions fail to provide certainty, persons turn still more to yonjul (Hamilton 1985), creating a vicious cycle. A society that attempts to use traditional yonjul will suffer from favoritism and cronyism, jeopardizing the openness that a network society requires. Instances abound in Korean modern politics in which special favors (e.g., market monopoly rights, bank loans, subsides) were unjustifiably given to yonjul members.

Yonjul harm social efficiency because they exclude competent persons beyond their borders. The intense market competition of the global age requires open membership that encourages all competent actors to operate as an inclusive network. For instance, for start-up companies to develop strategic alliances, their CEO’s cannot limit alliances to the firms, whose CEOs share the regional origin. No society that hopes to succeed in the information age can operate through yonjul. It must become a network society, with inclusive openness and the reliability openness requires.

Let me elaborate on why yonjul lower efficiency in the information age. Imagine a matrix whose columns and rows represent regions and its cells denote frequencies of strategic alliance between firms classified by CEOs’ regional origin. It then shows a pattern of cross-regional alliances among startup companies. If strategic alliances occur only when CEOs share the regional origin due to in-group favoritism, then non-zero numbers will appear only in the diagonal cells because cross-region networks occur in off-diagonal cells. In the early phase of Korean capitalistic development, there was no need to facilitate the off-diagonal interactions because higher trust existed in the diagonal cells. The rise of the network society, however, means that off-diagonal interactions must increase beyond the yonjul boundary. A simple calculation proves the point. In a (n by n) matrix, there are only n diagonal cells and (n^2 – n) off-diagonal cells, i.e., the number of off-diagonal cells outweighs that of diagonal cells. Refraining
from making alliances with a certain firm simply because it is outside the yonjul boundary undermines competitiveness, especially when competent firms are likely to arise outside yonjul. For this reason, the yonjul society is maladaptive to the network society and suffers from low social efficiency. What needs to be done is to promote cross-border network, and that can be achieved only by higher institutional accountability.

**Concluding Remarks**

This paper reviews how personalistic connections, or yonjul, operate in Korean politics, business, labor markets, and everyday life. In particular, it shows how regional networks and regionalism became major channels for resource allocation and collective identity in the modern era in a political process begun in 1961 with industrialization. Extensive reliance on regional networks to recruit elites developed as power holders sought to cope with the political uncertainty created by their lack of popular legitimacy. Political elites from Yongnam promoted economic development of their own region to build a regional power base they could rely upon. Political parties accordingly became little more than regional parties assured election by block votes from their own region, and there was no party loyalty from other regions. Differences in policy or vision among candidates mattered far less than regional origin. The logic that institutional uncertainty strengthens regional networks applies similarly to other types of yonjul, such as school and kin ties. All serve to cope with institutional unpredictability.

Advocates of Confucian capitalism and “Asian values” argue that yonjul have been efficient and should be encouraged. I disagree on two grounds. First, Yonjul resist productive and competent innovations that develop outside their boundaries, reducing economic efficiency. They are therefore dysfunctional in the network society of the information age, which requires open membership that allows free exchange of ideas, services, and products. Second, yonjul favoritism and cronyism jeopardize the legitimacy of within the broader society beyond yonjul boundaries. Universal norms and rules that normally integrate an entire nation attenuate and regional isolation and contention worsen. The free information flow essential to the network society creates institutional transparency, which, if allowed to thrive, will slowly erode the role and viability of yonjul.
References

In Korean


In English


