

From Dream to Reality: Hankyoreh Newspaper

Founded two decades ago on a platform of radical worldview, the daily must now shift paradigm in order to survive and stay competitive. The change will mean a movement from ideology to market principles.

By Shim Jae Hoon

I. A Child of Revolution (founded on 15 May 1988 on the waves of Velvet Revolution)

1) Repression under Park Chung Hee and Chun Doo Hwan (1974 to 1980) – massive purges of journalists numbering 960 during this period under charges of corruption and opposition sympathy. Several minor news agencies are forcibly merged or closed down under government fiat. Radio Seoul owned by the Samsung Group and Orient Press owned by Donghwa Group are merged.

2) Campus agitation for restoration of democracy erupts all over the country during this period, individually or collectively, but the media are prevented from reporting these developments. Nor are they allowed to report on the activities of opposition leaders demanding restoration of democratic order. Opposition leaders Kim Young Sam and Kim Dae Jung cannot be mentioned by name: only indirectly referred by the addresses of their homes. Thus Young Sam is referred as Sangdo-dong and Dae Jung as Donggyo-dong. Kwangju city erupts in a major insurrection with citizens bearing arms, but the military government forbids reporting. The foreign media is considered an exception.

3) The start of middleclass Velvet Revolution with urban middleclass, so far neutral to the opposition cause, shifting their support to the opposition as General Roh Tae Woo prepares to take over as the next president. He is elected on condition of direct balloting and only because of the Kim-Kim rivalry.

II. Street Funding

1) Hankyoreh rises against the background of political relaxation – 1988 Olympics and Roh Tae Woo election. It's the only newspaper in the world funded by a street campaign of shareholders INITIALLY NUMBERING 27,000 SUBSCRIBING A TOTAL OF 5 BILLION WON IN PAID IN CAPITAL. (TODAY, THEY HAVE GROWN TO some 66,000 people, 95% of whom have no more than 10,000 shares each share is 5,000 Won) each. To stop potential hostile takeover bid by any individual or group, it is broken up into small shareholders and kept unlisted on the stockmarket. (To be listed, a company must show three straight years of profit so Hankyoreh would not have qualified under the circumstances anyway) It has had only two years of profit balance in 2005 and 2006.

2) Core shareholders – students, professors, lawyers, writers, NGOs, dissidents; liberal, progressive urban industrial workers and leftwing farmers. SALES SLOGAN: “Don't Just Vote for President. Invest in Tomorrow's Democracy!”

3) Roughly fair distribution of people from provinces and cities

Shareholder Composition: From 1 (5,000 won) 10,000 shares each. 68% of shareholders said they bought shares not for profit.

SHAREHOLDER Profiles: OFFICE WORKERS 27.7%; STUDENTS: 12.5%; SCHOOL TEACHERS: 7.7% PROFESSORS: 6%. 60% OF SHAREHOLDERS ARE IN THEIR 20S AND 30S. A typical idealist shareholder: buying 50 MILLION WON worth of shares. 100 SHAREHOLDERS HAVE 10 MILLION WORTH OF SHARES EACH, AMONG them KIM YOUNG SAM AND KIM DAE JUNG. Motivations: 1) FOR DEMOCRACY; 2) FOR PAPER'S FUTURE POTENTIAL; 3) FOR EVENTUAL MARKET LISTING. authorized paid-in capital: 5 billion won.

Readership Profiles – Liberal and progressive segments of population, 58.3% TOOK IT AS THE FIRST PAPER. READERSHIP LOYALTY REMAINED RELATIVELY HIGH AT 32.9%. READERSHIP SURVEY

SHOWS PEOPLE BETWEEN 20S AND 30S COMPOSED 63.2% OF TOTAL READERS. 44.5% WERE UNIVERSITY GRADUATES. YOUNG, PROGRESSIVE READERS WITH LOW TO MIDDLECLASS INCOME.

III. Hankyoreh Vision

- 1) Democracy, Reunification, Economic Reform, Nationalism
- 2) Pro Reconciliation with the North, Critical of the US, Japan Labor (against management), SMEs (against chaebol), distribution (against growth),
- 3) Election of chief editor, company president, independent coverage of North Korea, own ethics charter, rejects pack journalism, first newspaper unionization, investigative reporting, focus on chaebol and US military bases

Newsroom Operation:

- 1) Idealism: Over 8,000 applicants vied for 33 jobs in the paper. Company president is elected by employees every two years.
- 2) Prestige, not pay

IV. High Idealism, Low Balance Sheet

- 1) Subscriptions and Ad Revenues: Universal trend: 5 to 5; Korea average: 9 to 1 or 8 to 2 for Korea; Hankyoreh almost entirely dependent on subscription.
- 2) This makes management very unstable.

V. Management Crisis

- 1) Conflicts between EDITORIAL POLICY AND AD SOURCES, PROLABOUR STORIES CLASH WITH BUSINESS ADS. Hankyoreh also coopted by THE RISE OF DEMOCRACY. Other papers have sometimes outdone it in editorial criticisms of the

government. The Kim Dae Jung government's policy on the North, bribing for the 2000 summit talks.

- 2) Management Crisis of 1997: Election procedure: shareholders, charter members, employees. A THOUSAND TO TWO THOUSAND SHAREHOLDERS COME TO THE ANNUAL SHAREHOLDERS MEETING IN SEOUL.

SALARY OF REPORTERS WAS about HALF THAT OF COMPETITORS at 50-60% of other company's. UNIFORM SALARY STRUCTURE IRRESPECTIVE OF EXPERIENCE OR EDUCATION. 1997 FIRST STRIKE BY PAPER'S UNION. HOW CAN SHAREHOLDERS FORM A UNION? AGAINST THEMSELVES?

COMMENTS: "WORKING FOR HANKYOREH, I NEGLECTED MY HEALTH AND MY POCKETBOOK. AS A YOUNG MAN, YOU WORK FOR IDEALS. NOW I HAVE TO WORK LIKE A MAN WITH FAMILY."

SOME SHAREHOLDERS TIRED OF CONTINUING LOSSES, REVOLT DEMANDING A SAY IN MANAGEMENT. BUT OVER 65% SAY PAPER HAS TO SURVIVE BY ALL MEANS. CHALLENGE: HOW TO FIND A BETTER WAY TO MANAGE THE PAPER. IT IS NOW ANARCHIC IN MANAGEMENT. ELECTIONS ALL THE TIME FOR THIS OR THAT OFFICER. EMPLOYEE SHAREHOLDING SOLUTION IS EXPLORED. THE PAPER'S EMPLOYEES HAVE ONLY 3% OF TOTAL SHARES. THIS SHOULD RISE AT LEAST TO OVER 10% TO HAVE A MANAGEMENT POWER.

2006 Revenues: 76.7 billion won, up 130 million won from 2005, two straight years of profits: current profits 2.5 billion won, operating profits 2.8 billion.

NEWSROOM AND MANAGEMENT SPLITS: FOUNDERS COMMITTEE – CHONG TAE KI, SONG YU BO, YIM JAE KYONG, KIM TAE HONG HAVE ALL LEFT UNDER SECTARIANISM. FOUNDERS AND NEWCOMERS; DONGA FACTION AND CHOSUN FACTION; CHOLLA GROUP AND KYONGSANG GROUP. PRO YS KIM AND PRO DJ KIM. NEW GENERATION STAFFERS WANT PROFITS AND COMPROMISE.

VI. SURVIVAL STRATEGY: PARADIGM SHIFT:

DEMOCRACY IS NO PREMIUM.

FOLLOW TREHE READERS, NOT EDITORS.

FOLLOW THE MARKET, NOT POLITICS.

GET MORE ADS.

LIKELY INSPIRATION OF CHANGE: TONY BLAIR AND NEW LABOUR. FOCUS: PRAGMATISM

COMPANY'S EFFORTS FOR IMPROVING BALANCE SHEET: PUBLISHING WEEKLY NEWS MAGAZINE "HANKYOREH 21" AND "CINEMA 21."

ENDS.

AUTHOR'S NOTE: ALL FIGURES CONTAINED IN THIS ANALYSIS ARE CULLED FROM "PEOPLE WHO WANT TO CHANGE THE WORLD," AN OFFICIAL TEN-YEAR HISTORY OF HANKYOREH NEWSPAPER, BY YI IN WU AND SHIM SAN, PUBLISHER: HANKYOREH SINMUNSA, MAY 1998, SEOUL, KOREA. I ALONE AM RESPONSIBLE FOR INTERPRETATIONS AND COMMENTS CONTAINED IN THIS ANALYSIS.