Ji-Hwan Lee*

Managing Diversified Firms through Socio-Cultural Mechanisms: A Focus on Korean Chaebols**

Based on theoretical considerations, this article investigates the socio-cultural mechanisms through which diversified firms are effectively managed without loss of control. Empirical results from extensive questionnaire surveys in Korea and the U.S. show that socio-cultural mechanisms such as shared values and corporate-level training were significantly and positively associated with divisional performance. In addition, socio-cultural mechanisms appear to have unequal effects on the corporate performance in societies with different cultural contexts. Statistical results show that socio-cultural mechanisms worked better in chaebols than in large U.S. firms, possibly because such mechanisms positively interact with high-context culture.

Key words: Diversified Firm, Chaebol, Socio-cultural Mechanism, Shared Value, Inter-divisional Interaction