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SWITZERLAND GLOBAL ENTERPRISE

KEY FIGURES

92

Major large business groups
Designated by KFTC in 2025

CHF 1.08T

Combined revenue of
Korea's 92 largest groups (2024)

78.8%

Share of Korea's nominal GDP
accounted for by 92 largest groups
Revenue basis, 2024

~40%

GDP share of the *Top 5 Chaebols (Samsung, Hyundai Motor, SK, LG, Lotte)*

Sources: KFTC and Bank of Korea, May 2025
Exchange rate: 1 CHF ≈ 1,852 KRW
(OANDA Feb 27, 2026)

OFFICIAL PROGRAM

Switzerland. Trade & Investment Promotion.

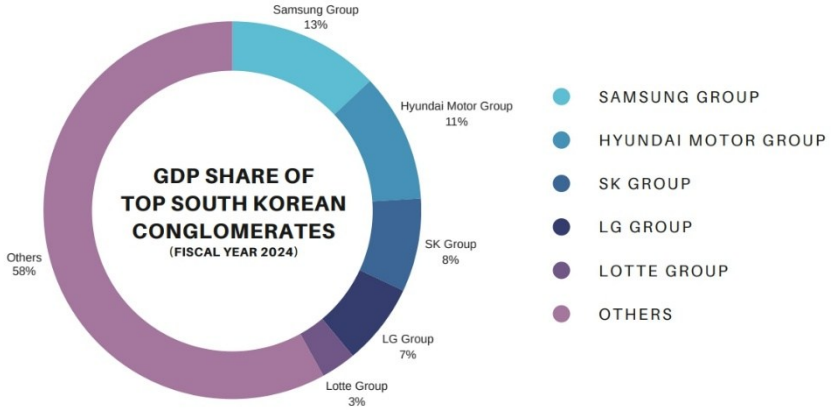
CHAEBOLS IN KOREA

HOW KOREA'S CONGLOMERATES OPERATE AND WHY THEY MATTER

AT A GLANCE

In Korea, chaebols (large, family-controlled conglomerates) are best understood not simply as large companies, but as major business groups whose influence extends across manufacturing, finance, logistics, technology, and national industrial strategy. Chaebols function as integrated corporate ecosystems, with decisions that shape industrial development, supply chains, and investment flow across the national economy.

As of 2025, the scale of this influence remains striking. According to the Korea Fair Trade Commission (KFTC), the country's 92 largest business groups generated approximately CHF 1.34 trillion (KRW 2,007 trillion) in revenue—equivalent to roughly 78.8% of South Korea's nominal GDP. At the top of the hierarchy, the five largest groups — Samsung, SK, Hyundai Motor Group, LG, and Lotte — together generated approximately CHF 683 billion (KRW 1,025 trillion) in revenue, representing around 40% of national economic output. These figures illustrate the exceptional degree of economic concentration within Korea's conglomerate system.



For Swiss firms interested in expanding in the Korean market, understanding how chaebols operate is essential. Market access, procurement structures & processes, decision-making hierarchy and partnership opportunities are frequently shaped by the strategic coordination and dynamics of their ecosystems.

DEFINITION OF CHAEBOL

The term chaebol combines the Korean words for "wealth" (chae) and "clan" (bol). It refers specifically to a Korean conglomerate where a founding family exercises strategic control across multiple affiliated companies through layered equity structures. The KFTC formally designates business groups with combined assets above approximately CHF 3.3 billion (KRW 5 trillion) as Business Groups Subject to Disclosure on an annual basis — but this is a legal classification, not a synonym for chaebol.

Not all large enterprises are chaebols. POSCO (ranked 6th) operates under a professional management structure with no controlling family, while Nonghyup (ranked 9th) is an agricultural cooperative. By contrast, groups such as Samsung, SK Group, Hyundai Motor Group, LG Corporation, and Lotte Group are true chaebols — owner families exercise control through the *chongsu* (the de facto supreme decision-maker of the group, typically a founding-family member who retains ultimate authority regardless of formal title) system, regardless of who officially holds the company's CEO title.

2025 TOP 10 BUSINESS GROUPS

Designation by the Korea Fair Trade Commission on May 1, 2025. Affiliate count is shown. ✓"Chaebol" refers to family-controlled groups.

#	Group	Controlling Person	Key Sectors	Affiliates	Total Assets (CHF bn)	Total Assets (KRW bn)	Note
1	**Samsung**	Lee Jae-yong	Electronics, semiconductors, finance, construction, hospitality	63	318	589,114	✓ Chaebol
2	**SK Group**	Chey Tae-won	Energy, semiconductors, telecoms, logistics, biotech	198	196	362,962	✓ Chaebol
3	**Hyundai Motor Group**	Chung Eui-sun	Automotive, steel, construction, robotics, defense	74	166	306,617	✓ Chaebol
4	**LG Group**	Koo Kwang-mo	Electronics, chemicals, display panels, home appliances	63	100	186,065	✓ Chaebol
5	**Lotte**	Shin Dong-bin	Retail, food, chemicals, hotels, construction	92	77	143,316	✓ Chaebol
6	**POSCO**	POSCO Holdings	Steel, energy materials, lithium	49	74	137,816	Non-chaebol
7	**Hanwha**	Kim Seung-youn	Defense, aerospace, solar energy, finance, shipbuilding	119	68	125,741	✓ Chaebol
8	**HD Hyundai**	Chung Mong-joon	Shipbuilding, offshore, industrial machinery, energy	32	48	88,720	✓ Chaebol
9	**Nonghyup**	NACF (cooperative)	Agriculture, banking, insurance	56	43	80,059	Non-chaebol
10	**GS Group**	Huh Chang-soo	Energy, retail, construction, leisure	98	43	79,317	✓ Chaebol

Source: Korea Fair Trade Commission (KFTC), May 1, 2025. Exchange rate: OANDA, Feb 27, 2026 (1 CHF ≈ 1,852 KRW). CHF figures rounded to nearest whole number.

> *Key distinction: POSCO (6th) and Nonghyup (9th) are among the largest groups by assets but are NOT chaebols — they lack family ownership and the chongsu system. This distinction matters for Swiss firms because engagement strategy and decision-making authority differ significantly between family-controlled and professionally managed groups.*

BUSINESS ECOSYSTEM: STRATEGIC DIVERSIFICATION

Korean conglomerates function as diversified ecosystems rather than sector-specific enterprises. Vertical integration is a common organizing principle across these groups: manufacturing affiliates are supported by internally coordinated logistics platforms, IT service subsidiaries, engineering units, and financial arms. This structure helps groups optimize supply chains, allocate capital efficiently, and scale new technologies faster than firms operating with disintegrated value chains.

Diversification also creates internal demand pools — or captive markets — through which construction, logistics, IT services, finance, and advertising are supplied within the group itself. This internal market logic reinforces coordination and preserves economies of scale.

> *For Swiss firms, collaboration with one affiliate should not be viewed in isolation. A comprehensive understanding of the broader group ecosystem enhances both strategic positioning and long-term partnership potential.*

GOVERNANCE: OWNERSHIP STRUCTURE AND CENTRALIZED GOVERNANCE

Despite regulatory reforms, ownership concentration remains a defining characteristic of major Korean conglomerates. Controlling families typically retain strategic influence through layered equity structures across key affiliates — exercising influence through a network of strategically positioned subsidiaries rather than through direct majority ownership in every entity.

Strategic decisions are frequently evaluated at group level rather than solely within individual subsidiaries. Corporate strategy units, planning divisions, or coordination councils often oversee major investment decisions, cross-affiliate resource allocation, and long-term capital deployment.

Decision-making authority is often concentrated at headquarters-level functions in Seoul. Internal consultation processes may involve multiple organizational layers. For external partners, this translates into extended review periods before final confirmation is provided — *a structural feature, not a signal of disinterest*.

A further point to watch is generational transition. Several major groups have recently shifted, or are currently shifting, leadership to the next generation of owner families. This can change investment priorities, partnership appetite and risk tolerance. At the same time, KFTC scrutiny of fair-trade practices and intra-group transactions can influence how affiliates structure procurement and partnerships.

BACKGROUND: STRUCTURAL ROLE IN THE KOREAN ECONOMY

South Korea's rapid industrialization was closely associated with the rise of large business conglomerates. These groups evolved through coordinated state–industry collaboration and export-oriented growth strategies, expanding across electronics, automotive manufacturing, shipbuilding, chemicals, construction, and finance.

The Asian financial crisis of 1997–98 marked a critical turning point. Surviving chaebols underwent deep restructuring and emerged with more focused portfolios, stronger internal coordination, and greater strategic discipline. Today, major conglomerates remain central to Korea’s industrial ecosystem, influencing supplier networks, capital allocation, employment patterns, and the development of emerging sectors such as batteries, semiconductors, biotechnology, and advanced mobility.

REGULATORY COMPLIANCE OBLIGATIONS

Groups designated by the KFTC as Business Groups Subject to Disclosure must obtain board approval before executing large intra-group transactions, file annual group-status disclosures with the KFTC, and report material events for unlisted affiliates. As of May 1, 2025, 92 business groups comprising 3,301 affiliate companies carry these obligations, four more than in the prior year. Of these, a subset of 46 groups — those with total assets exceeding approximately CHF 6.3 billion (KRW 11.6 trillion) — are additionally designated as cross-shareholding-restricted groups, which prohibits mutual equity ownership and debt guarantees among affiliates and imposes further structural constraints on intra-group capital flows.

KEY TAKEAWAY

Korea's 92 designated large business groups collectively employ approximately 1.87 million people, spread across 3,301 affiliated companies (as of May 1, 2025, KFTC). In a country of roughly 51.6 million people (Feb 2026), this level of employment concentration means that conglomerates are not just economic actors—they are deeply embedded in everyday society.

Professional networks in Korea are often shaped, both explicitly and implicitly, by layers of connection such as family ties, regional background, and shared educational experience. These dynamics influence how relationships are formed, how trust is established, and how information flows across organizations.

As a result, successful market entry and business development in Korea require more than a strong product offering. It is essential to clearly articulate your product's unique value proposition and deliver it through the most effective channel—by identifying the right point of contact and communicating in a way that aligns culturally, linguistically, and operationally (minimizing time gaps and friction). In a tightly interconnected, trust-based environment, precision in targeting and narrative delivery becomes a decisive factor for success.

STRATEGIC ENGAGEMENT FOR SWISS FIRMS

Engagement with a chaebol should begin from how the group makes decisions, rather than from a purely transactional sales approach. Within these groups, a purchasing or partnership decision is rarely confined to the affiliate a foreign firm is dealing with; it is shaped by group-level priorities, internal coordination mechanisms, and long-term strategic considerations. Success therefore depends on more than product quality, price, or technical capability: a supplier must also be legible to a large, multi-layered organization — demonstrating organizational credibility, strategic relevance, and the capacity to sustain cooperation over time.

Three features of chaebol decision-making shape any supplier's approach:

- **Authority is tiered by the type of decision, not held by one person.** Operational supplier decisions — qualifying a vendor, selecting a component, running a proof-of-concept, agreeing pricing — are made by functional teams at the operating affiliate: purchasing for established categories, and advanced-research, R&D-scouting, or open-innovation units for novel technology. The group's coordination function and the *chongsu* enter only for strategic matters — large capital commitments, critical sole-source dependencies, equity investments, joint ventures, M&A, or landmark alliances. A foreign supplier should pitch to the tier that owns its type of decision, rather than assume either that the local contact decides or that the chairman must sign off.
- **Affiliates can draw on the group's own captive supply chain** for many inputs, so an external supplier is often competing against an in-group default rather than on open terms. It must give the group a clear reason to source outside — typically a capability, technology, or cost-quality advantage the group cannot replicate internally.
- **The *chongsu*'s influence on a supplier is mostly indirect.** He rarely touches an individual procurement decision; what he sets is the group's strategic direction, which in turn shapes what the functional teams are mandated to pursue. Aligning a proposal with those declared priorities is what lifts it from a routine vendor pitch to something strategically relevant. Senior sign-off applies only once a deal reaches the strategic tier, where it lengthens timelines but lends durable, group-wide backing once given.

In practice, this means calibrating market entry to each group's internal logic — and, in particular, to its current strategic themes, which differ by group and signal where an external supplier is most likely to be seen as strategically relevant:

- **Samsung** — semiconductors, electronics, and advanced manufacturing
- **SK** — semiconductors, energy, and bio
- **Hyundai Motor Group** — mobility, robotics, steel, and defense
- **LG** — electronics, batteries, materials, and production technology
- **Lotte** — chemicals, batteries, bio, and retail

Initial opportunities may emerge through a single subsidiary, but sustainable progress usually requires becoming known beyond the day-to-day operating contact — that is, being recognized by the group-level procurement, strategy, and R&D functions that shape and approve purchasing decisions. Visibility with those functions, not only with the immediate buyer, is what turns a one-off order into a lasting supply relationship.

Finally, timing matters. Investment appetite, partnership openness, and the pace of new-technology testing shift with each group's circumstances — generational leadership transitions, internal restructuring, regulatory scrutiny of intra-group transactions, and sector cycles. A group consolidating or under competitive pressure in its core business tends to weigh new external proposals more conservatively, so engagement should account for where each group stands at the moment of approach, not only for its stated long-term priorities.

FREQUENTLY ASKED QUESTIONS

Common questions from foreign companies exploring market entry or business development in Korea.

Q1

How do I obtain the email address of a chaebol chairman — and should I contact them directly?

A direct approach to a chaebol chairman is rarely the right first move. The chairman's influence on a supplier is indirect: a credible senior referral can help an inquiry get reviewed — if a chairman's office or a senior executive asks the working level to look at a proposal, a team may revisit an opportunity it would otherwise have filtered out — but the technical and commercial evaluation still sits with the functional department. The practical route is therefore to secure a credible senior or institutional introduction, then deliver a concise, well-targeted supplier brief to the relevant team:

- Advanced or Forward Research
- Purchasing
- Overseas Business Development

Q2

I contacted the European office of a Korean company I want to supply to but have not received a reply. What should I do?

This is one of the most common situations faced by foreign companies. Korean companies' European offices typically operate with lean teams — often five or fewer staff members — whose primary focus is on sales, marketing, and local liaison activities.

Procurement and supplier qualification decisions are typically managed at headquarters in Korea. If your objective is to establish a supply partnership, contact the relevant team at headquarters directly:

- Procurement or Purchasing Team — for established product categories
- Advanced or Forward Research Team — for novel or early-stage technologies
- Pilot or Proof-of-Concept Team — for solutions requiring internal validation
- Overseas Business Development — for identifying the appropriate contact when the relevant team is not yet defined

For practical engagement, Swiss Business Hub Korea can also support access through known sourcing channels: Samsung Electronics' Win-Win Cooperation Center works with the International Purchasing Center on an annual Samsung Electronics Sourcing Fair linked to foreign embassies, typically held in September. LG Electronics' Production Engineering Research Institute also has an Open Innovation team that can review overseas sourcing opportunities.

Q3

Who are the right internal contacts within a chaebol, and how should I identify them?

The right contact depends on the tier your proposal belongs to:

- Technology or product introductions — the Advanced Research, R&D Scouting, Open Innovation, or New Business Development unit of the relevant affiliate
- Procurement of established products — the Purchasing or Procurement team at the affiliate level, not the group holding company
- Strategic partnerships, investments, or alliances — the Group Strategy or Corporate Development function, and at the largest scale the group's coordination office (e.g. Samsung's Business Support Office, SK's SUPEX Council); this tier is typically reached only after a track record has been built at the affiliate level

HOW S-GE CAN SUPPORT

We would be delighted to support you in your expansion plans to South Korea and connect you with the appropriate business partners to navigate the complex chaebol-influenced market structure. Understanding the unique decision-making hierarchies and ownership-linked governance structures of Korean conglomerates is a significant challenge, and our team is equipped to provide the necessary strategic guidance.

You may determine the level of support you need individually, whether you require full support with a comprehensive business workshop and market analysis leading up to market entry or only selective support with legal and compliance issues. The scope of support can be tailored to your needs. We look forward to hearing from you!

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GET IN TOUCH

Michela Giuliato
Consultant South Korea + Japan
mgiuliato@s-ge.com
+41 44 365 55 08
Switzerland Global Enterprise
Stampfenbachstrasse 85
8006 Zürich
Switzerland

Min-Seo Kang
Senior Trade Officer
min-seo.kang@eda.admin.ch
+41 58 4818 605
Swiss Business Hub Korea
77 Songwol-gil, Jongno-gu,
Seoul 03165
Korea

Alain Graf
Senior Consultant Asia
agraf@s-ge.com
+41 21 545 94 97
Switzerland Global Enterprise
Renens Office
Ch. Du Closel 3
1020 Renens

Eleonora De Canio
Consultant
edecanio@s-ge.com
+41 91 601 86 86
Switzerland Global Enterprise
Lugano Office
Corso Elvezia 16
6900 Lugano

s-ge.com

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