

## Succession at Korea's Lotte Group

Shin Kyuk Ho, the 92-year-old founder of the Korean family business group Lotte, has decided to pass on the group's leadership to the next generation. The Lotte group, a traditional Korean chaebol, is a conglomerate having 80 businesses ranging from retail stores, amusement parks, confectionery and hotels. The group operates in several countries in addition to South Korea and owns assets worth \$97 billion. However, the succession at the South Korea's largest retail group was not devoid of drama. Ho is facing resistance from his younger son Shin Dong Bin on his elder brother Shin Dong Joo being selected as the group's successor. In January 2015, the founder had removed his elder son from the group's vice-chairman's position. Since then, everyone had assumed that Ho had nearly selected Shin Dong Bin as his heir.

However, all this changed when the founder recently flew down to Japan with his elder son and fired some senior management personnel to take control of the group's Japan based holding company. The move backfired as the younger son and co-chairman Shin Dong Bin got the decisions nullified by the board of directors. The patriarch was sidelined and Bin apologized to the employees for the turmoil. The Lotte group was founded in 1948 and the Lotte Holdings Company controls the group. The patriarch holds 28 percent stake, elder son Dong Joo holds 20 percent and younger son Dong Bin holds 19.1 percent in the holdings company. The stocks of Lotte companies went up for the third day as markets sensed an ensuing battle among the siblings for a controlling stake of the companies.

Source: *'Turmoil Atop Korea's Lotte Shines Spotlight on Family Feud,'* Bloomberg.com, July 29, 2015.