

Future of Asia Podcast

# South Korea's response to the COVID-19 pandemic

How was South Korea able to stabilize the number of COVID-19 cases?



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**Although COVID-19 continues** to pose a significant threat to the world, different countries are at vastly different stages of the spread. While some countries recently recorded their first cases, certain states are beginning to see slowing infection rates, including South Korea. South Korea's response to COVID-19 was seen by the global community as quick and decisive – particularly in the way it was able to expand its rapid testing model, and tap into its public-private partnerships and strong healthcare infrastructure. What are some of the lessons to be learned from its response? An edited transcript of the podcast follows.

**Oliver Tonby:** You are listening to the *Future of Asia Podcasts*, by McKinsey & Company. I am Oliver Tonby, your host and chairman of McKinsey Asia. In this series, we feature leaders from across the region to discuss the forces, the opportunities, and the challenges that are shaping the future of Asia.

Welcome everyone. Welcome to this edition of our *Future of Asia Podcasts*. Today's topic is Korea's response to the COVID-19 pandemic. I am joined by two colleagues, Wonsik Choi, our managing partner in Korea, and Hyejin Kang, one of our most senior partners in Korea that has been actively following and helping on the COVID response, both inside the Firm, as well as with our clients.

Now, why are we focusing on Korea and Korea's response to the coronavirus? What we have seen is that from a daily total of 851 cases on March 7, up to today when there were eight cases, South Korea has actually been one of the countries that has managed to get the coronavirus crisis under control, if I'm allowed to call it that, more quickly than a number of other countries.

The question is, what are some of the things we can learn from this? Before we dig into Korea's response, let me ask both Wonsik and Hyejin. If you look back over the last eight, 12 weeks, what has it actually felt like on the ground in Korea?

**Wonsik Choi:** Sure, Oliver. First of all, I hope everyone listening to this podcast is keeping healthy and safe. I would say from my personal observation,

people are feeling generally cautiously optimistic, because the outbreak started late February, peaked at the end of the month, very quickly stabilized by mid-March and now we're looking at something like 10 or so daily confirmed cases.

People are feeling quite anxious to get back to the normal way of living and working. Although, not everything will be back to what used to be the case two months ago, but people are still staying cautious. When I look outside, something like 60–70 percent of the people in the street are still wearing a mask. People are staying cautious, but I think people are feeling quite optimistic about the situation staying under control.

**Oliver Tonby:** Thank you Wonsik. Hyejin, same question to you. What has it felt like over the last eight, 12 weeks and perhaps what is it felt like for you?

**Hyejin Kang:** For Korea during the period, we really never shut down the company and operating work, and therefore it has been very difficult before to manage the remote work, as well as keeping the work while we manage our health and keeping healthy. These days it got much easier and I still feel relieved to see a significant reduction in the number of confirmed cases.

Obviously people now begin to worry about the potential economic impact that may come later and numbers are coming out, et cetera. But at least on the health side, the people are more optimistic, on economy side, they're beginning to become concerned and to worry.

**Oliver Tonby:** I understand. We're going to come back to some of those points Hyejin. Let me start with a question around what made South Korea's response so successful and unique compared to other countries? Wonsik, would you like to take the first pass to that question?

**Wonsik Choi:** I think there are many different takes on Korea's success in progress, but I would say a few things. First and foremost, I think we've been quite fortunate to have a fairly robust public

health response system, that's been built on the past learnings from MERS, SARS crises. I'll give you one example. During the MERS crisis, Korea Centers for Disease Control & Prevention (KCDC) was the only approved body to administer epidemiological testing. That, at the time, caused a bit of a bottleneck.

Korea learned from it. Now close to 90 percent of all tests that are being administered in Korea in response to COVID-19, are being done by private institutions. All of that is on the back of a fairly strong nationwide hospital network and healthcare infrastructure. As many people know, Korea is number two only after Japan, in terms of number of hospital beds at around 12 and a half per 1,000 people.

The second thing I'd love to talk about also is how this has been an opportunity to really see the impact of how digital innovation has been helping a country like Korea to respond to COVID-19 containment and mitigation in a very agile way.

Then lastly, I would say there's a pretty well recognized degree of social responsibility and even social contract, where the general public has been

very collaborative in doing the personal precautionary measures, wearing a mask, doing self-quarantine, things that are required to keep themselves happy and also keep others from getting exposed to the virus.

**Oliver Tonby:** Thank you Wonsik. Hyejin, would you like to add to that, please?

**Hyejin Kang:** I think the rapid testing, contact tracing, and sharing that information in real-time every day by the government bodies, were the key factors from my point of view. The testing, as you have seen, there is a drive-through testing, walk-through testing, et cetera. Various testing methodologies were created and it was readily available to everybody. It was pretty quick, the test was under 10 minutes, and then basically the results were available the next day, sometimes even shorter than that. That actually helped the people test themselves.

**Oliver Tonby:** If, I can interrupt you there, explain to the listener, how does a walk-in test work for a person that comes, you literally walk in off the street? Just explain how it works.

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**Hyejin Kang:** There is a small room and then you basically walk in and then there is a doctor with all the protective glasses and the wares. They have a pretty long “cotton bud” to basically scrape a sample and then basically test it. It only takes 10 minutes and of course, they check your ID card, et cetera, but that’s it.

**Oliver Tonby:** Then you get the results on the spot or do they call you up in a few hours? How do the results work?

**Hyejin Kang:** No, they send you a message in your mobile phone the day after. I think I’ve seen the cases, that it was six hours before they send you the message. It’s cheap, it will be free if you have symptoms and then it is under \$150 even if you don’t have symptoms. Pretty available for everybody and that information was available for everybody.

I was at a client’s site one time and we basically got a message on a different building, that there was one confirmed case that happened. Then we knew, maybe within the hour, where he had been for the past several days. We were able to evacuate and then took the right measures instead of basically panicking and then going home.

**Oliver Tonby:** Yeah. I understand.

**Wonsik Choi:** If I can add to what Hyejin, said, fortunately for me, I didn’t have to go through one of these testing facilities, but, Korea is a pretty densely populated country as many people know. 51 million people, small landmass and there are right now close to 600 testing sites and something like 95 facilities that actually runs the actual the results.

There are three broad categories of testing that are administered, in terms of facilities. One is walk-in and these are basically government-endorsed hospitals and clinics that are throughout the nation—300-plus of these—nothing like the hospitals that you’ve probably seen other countries.

But again, as Hyejin said, the process is quite rapid. Then, another is a bit of an invention. At the early stage of Korea’s response, it’s a drive-through sys-

tem. As you can visualize, just like driving through a fast-food chain, you literally sit on your own car by yourself. You go through all the procedures to share your personal information and a very rapid collection of sample from your nose and throat.

There are about 80 of these throughout Korea. Then lastly there are walk-through facilities. These are literally phone booth-like facilities that have been set up for rapid testing. Across all these formats the amount of time it requires to actually collect sample, process it, and then inform you as the person tested, of the results takes, only a few hours.

As Hyejin said, the result is basically sent to you via text message. Quite automatic, quite efficient. As a result, the country has done more than half a million testing to date.

**Oliver Tonby:** Got it.

**Wonsik Choi:** Pretty big number.

**Oliver Tonby:** Got it. Thank you, Wonsik. I also know that Korea now has started exporting test kits to many other countries, which is a great thing for other countries.

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One of the things I think early the epicenter in Korea was in or around the province or the city of Daegu if I understand correctly. There were quite a lot of cases there. Now, I think Korea had a little bit of a different approach to lockdown than many other countries are taking. Could you explain a little bit about what Korea did?

**Wonsik Choi:** Sure, Oliver. It’s one of those things that is a bit unique about Korea’s response to containment. Korea never shut down its borders other than restricting travel from Wuhan and Hubei. From the get-go of the outbreak up to now, borders have been opened to travelers inbound



“How we contained COVID-19 ... there was a strong recommendation for people not to travel to Daegu and North Gyeongsang Province. People who had to travel to these places had to report to their organization. The company then allowed a 14-day quarantine work-from-home arrangement for those people.”

—Hyejin Kang

to Korea from places like the US, Europe, and elsewhere.

They go through, of course, restrictive procedures to enter the country. When they have symptoms they need to be tested, but still, the borders are open. Another thing that's quite unique about Korea is the fact that there has never been a lockdown—no cities, no regions. This allows people to basically freely travel on their own volition and people basically take their due personal precautionary measures. People have been quite collaborative.

This has allowed Korea to respond to the dual crisis or challenge. On one hand, every country needs to deal with this as a public health challenge or crisis. On the other side, every country also has to deal with this as an economic crisis or challenge. Just like every other country, Korea's dealing with both in parallel but not one necessarily at the expense of the other. That's been quite unique to Korea.

So far, the country has had cumulatively slightly over 10,000 confirmed cases. Over 70 percent of these confirmed cases are congregated in the area of North Gyeongsang Province. The province that houses

the city of Daegu. Without locking down, the country has actually done a fairly good job to containing the spread of the virus within that region.

In hindsight, lots of measures have been implemented and I think we've been quite lucky that despite the number being at over 10,000 confirmed cases, most of these cases have been quite concentrated in one area, and therefore Korea has been able to respond to the confirmed cases in a very, I would say systematic fashion.

**Hyejin Kang:** I would like to add a few points on how we could contain COVID-19 in that province versus spreading it out. I think of course there was a strong recommendation for people not to travel to Daegu and North Gyeongsang Province. Then secondly, for the people who had to travel to North Gyeongsang Province and Daegu, they had to report to their company or any other organization they belong to that they had been visiting.

Then obviously, the company or institution allow the 14-day quarantine work-from-home arrangement for those people. Then obviously when they come back, they have to get tested, the COVID-19 test. I

think those are the three measures that basically helped us contain it without locking it down.

**Oliver Tonby:** I understand. I also at the start of the conversation, you also, and I think you're underlining that the importance of the social responsibility that each and every individual, and each and every citizen feels. That has been absolutely instrumental in Korea and containing the virus. Perhaps a little bit different than we've seen in a few other countries around the world.

Listen, I'm going to change focus and let's talk a little bit about how this crisis has redefined the partnership between the private and the public sector. How has the private sector reacted to this? Who wants to go first on this question?

**Hyejin Kang:** I will start. In Korea, we have a rather unique economic structure that, as you may know, there are many large conglomerates like Samsung, LG, Hyundai Motor Group, et cetera. These large-sized conglomerates basically acted as a replication and expansion of the government's KCDC by setting up the control tower to do the active monitoring, daily information sharing, and supporting government doing the contact tracing of the potential confirmed cases.

Then, also providing very tailored guidelines for a social distancing and remote work policies. I think having the multiple locations of those control

towers on each of these conglomerates where there are hundreds of affiliates and also associated suppliers. It actually brought centralized control to the situation that was basically expanded throughout the nation pretty widely. That actually allowed us to be able to work in and operate even during the crisis.

**Wonsik Choi:** If I can add with a specific example of a private-public collaboration partnership; Korea is able to validate contact tracing now in about 10 minutes' time. If you're under suspicion of infection, the KCDC basically goes through all the questions and you need to record where you've been to. This actually used to take something close to a full day because you need to validate that information before KCDC actually posts on its online apps and website.

About a month ago, Korea launched an integrated digital platform that basically connects to relevant ministries in COVID response, plus the KCDC, plus something like 25 private institutions, three telcos, 20 or more credit card companies and agencies. What it does is through this integrated platform, you can actually validate with a digital footprint of the person that actually has gone through this process to make sure that the information is actually correct.

Korea has been able to basically shrink the time it takes to validate the information from something like

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one full day to 10 minutes. Again, this is digital innovation that is striving as a response. This has been a pretty productive form of how the government and the private sector have collaborated to respond to the situation with the agility that I just described.

**Oliver Tonby:** Thank you. Go ahead Hyejin.

**Hyejin Kang:** Another collaboration that I would like to mention is about social distancing. The government had a guideline for companies to follow and it was a pretty general guideline of how to keep social distancing, wearing of masks, and sanitization measures for the places where the potentially confirmed peoples had visited. I think each company in its corporate conglomerate actually added and then followed it.

But, in addition, they had a pretty tailored guideline to be able to implement it without interrupting or shutting down work. For example, LG, who had to quarantine people they could make them work from home for a month from February 24 to March 31. But for the people who had it to work to continue the production, et cetera, they basically implemented commuting hour flexibility.

Also, dining and lunch hour flexibility and also in the lunch or dining places, they basically had partitions on every dining table so that people can eat but without directly contacting other colleagues. There were pretty careful measures and preparation that the company made to keep employees working while making sure that they applied the remote work policy and work from home for the people who did not necessarily need to be on site.

At the beginning, the corporations also made effort to secure masks and hand sanitizers, for example. They distributed it freely—free masks and hand sanitizers to everybody. Some of them actually subsidized, although is not big, about \$30 or \$40 a week, for the people and employees to buy masks. As you may know, Hyundai Motor Group actually changed one of their production lines to produce masks. I think every corporation was using their best judgment to tailor the guidelines to make everybody feel like they're safe and can be efficient.

**Oliver Tonby:** Thank you Hyejin. Listen, we need to start rounding off this podcast. I want to come back to something that you touched on briefly earlier, which is the economy. Now can you share some of the things that Korea is doing to stimulate the economy to come back more quickly than it otherwise would? What are some of the thinking around how to stimulate the economy? Wonsik you want to take care of the first pass?

**Wonsik Choi:** I think generally companies and people are feeling more confident on the public health side of things. I think they're still very much concerned about the economic side of the challenge. The first quarter GDP growth number just came out. The economy actually shrank by 1.4 percent compared to the previous quarter. For a country that had been growing massively, robustly, over such a long time, that's a big blow.

It's a product of probably a couple of things, but more in the near-term. The government is trying to do what it can to help provide financial support to the many households in Korea who require that support to make sure that consumption stays at a healthy level. But on the other hand, we all know that Korea's economy structurally is very much trade dependent and this side of the economic activities has not been reflected in the record so far.

Up until last month, Korea had been doing relatively well—pre-COVID-19 impact. Many businesses have global operations and the supply chain has been impacted quite severely. Korea needs to have a sector-by-sector response. So far, the semiconductor sector has been doing relatively better than other sectors like automotive and machinery. But many of these sectors, of course, require rethinking about how to create options, alternatives in terms of supply chain to make sure that when the demand actually does come back, it does have what it takes to get the operations back on track.

Right now, so far, how do we make sure that we get the consumption going and keep it as healthy as possible? On the corporate side, how do we make sure that the companies and sectors stay in operation by managing their supply chain and making sure that they use creative approaches to

continue to stay in touch with the markets that are outside Korea.

**Oliver Tonby:** Thank you. Hyejin, any thoughts on this?

**Hyejin Kang:** I think that there are roughly three measures the government has taken so far and it is still being updated. Yesterday, there was a new policy published. The first economic measure that they have taken is to support the individuals who are impacted. The second measure is about small businesses and SMEs who need more support. The third is about the foundation of businesses like airlines and then heavy industries, where they need the financial support to survive through this difficult period. I think those three actions have been taken, especially for those areas. I think yesterday, the government actually announced that there will be new more stimulatory measures called the Korean “New Deal” policies but the details have not been announced or confirmed yet. But we should see more active stimulating measures through new actions that the government will take.

**Oliver Tonby:** Thank you. Listen, let us end this podcast with, if I can ask one line from each of you. If you just think, is there anything good coming out of this crisis? If you think even to the future, what are some of the positive changes that we can hope for coming out of this crisis?

**Hyejin Kang:** Oh, that’s an easy question. Now, I think many companies and business owners were thinking about taking different operating models for their companies and organizations. I’m an organization expert, as you know, and I have a passion for it. Although we’ve been persuading many of the decision makers to embark on a

different type of operating model, there was no need and urgency. With COVID-19 they were put into that situation and are now getting more accustomed. I just hope that after the COVID-19 crisis, when everything returns to normal, the next normal operating model will be more flexible and they will adopt more digital tools to be able to support people’s work-life balance.

**Oliver Tonby:** Excellent. Thank you, Hyejin. Wonsik?

**Wonsik Choi:** Yeah. I’d say learn and stay resilient because this too shall pass. But, something like this can occur in different proportions. One fundamental lesson that Korea has learned and is applying in the current situation is because of its difficulties during the MERS crisis. We had learned so much. We were able to then put in place many measures that are now functioning. Let’s learn from what we’re doing, stay positive, stay confident, and make sure that we’re ready for future uncertainties like this if it were to ever occur. By the time, I think we’ll be more prepared than now as a global community to deal with this and probably come out of this, faster and better.

**Oliver Tonby:** Excellent. On those two notes, let me just say thank you so much. You’ve been listening to Wonsik Choi and Hyejin Kang talking about the lessons learned from Korea’s response to the coronavirus crisis. Many things to learn for all of us there. Thank you so much and have a great day. Take care. I’m Oliver.

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