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Name of Author	WSU's student
Name of University	Western Sydney University
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Samsung

Introduction

Business sustainability revolves around three aspects that can impact how a business is managed. This involves the company's financial, social and environmental risks, obligations and opportunities also referred to as the company's profits, people, and planet. Business sustainability refers to the resiliency of a company during challenging times because it has strong financial, social and environmental foundation (Financial Times, 2015).

This paper aims to analyze and understand Samsung's sustainability principles and practices that are embedded into its culture and business strategy. The research is conducted through a review of relevant literature, company website and reports, and other online media reports about Samsung.

The Company

Samsung started as a trading company in Korea, founded by Byung-Chull Lee, initially selling dried fish, fruits, and vegetables. As it continued to develop, it was able to establish its own flour mills, confectionery machines, and manufacturing and sales operations. Over time, it evolved to an electronic business and is now recognized as an industry leader in technology globally (Samsung, 2015).

Samsung's business management philosophy is "to devote its talent and technology to creating superior products and services that contribute to a better global society." In order to achieve that, the company highly values its people and technologies. The company's core values revolve around people, excellence, change, integrity, and co-prosperity. It operates in five business principles, namely: compliance to laws and ethical standards; clean

organizational culture; respect to customers, shareholders, and employees; care for environment, safety, and health; and socially responsible corporate citizen (Samsung, 2015).

The company operates businesses in different industries such as education, healthcare, finance, logistics and transportation, retail, entertainment, hospitality and government. In 2014, there was a steady recovery of the US economy but the world economy contracted and local market's weak economic growth continued. Despite the financial challenges last year, Samsung has a net sales of \$305 billion, total assets of \$529.5 billion, total liabilities of \$298.3 billion, and total stockholders' equity of \$231.2 billion, and a net income of \$22.1 billion. Samsung has about 489,000 employees in 213 locations worldwide (Samsung, 2015).

Because of globalization, businesses are under pressure for transparency and accountability and Samsung is no exemption. Companies face greater level of scrutiny especially with technology and global connectivity like social media. Climate change, pollution, depleting natural resources, and other irreversible environmental impact are some of the drivers of corporate sustainability efforts (Samsung, 2015, p.25).

Findings

Leadership

The management ideology of Samsung serves as a guide for its employees in making ethical and responsible business decisions (Samsung, 2015).

The Board of Directors (BOD) of Samsung is the one who administers management performance, sets corporate management policies, and sets business strategic decisions in accordance with pertinent laws and regulations. To make decision-making more efficient and to proactively respond to changes in regulations and business environment, Samsung has established six committees: management committee, audit committee, independent director

recommendation committee, related party transactions committee, compensation committee, and corporate social responsibility (CSR) committee (Samsung, 2015).

With these committees, certain matters are referred to respective committees with members who have the relevant experience and expertise. For instance, a Research Group was created under the CSR committee. The group meets on a regular basis to discuss and research on the status of business operation and further development of business ecosystem (Samsung, 2015).

Nowadays, with the emergence of social media and other forms of communication channels, it can take as little as five minutes to destroy a reputation that one company took years to build. Therefore, leaders should be more authentic and ready to listen, talk, and genuinely engage with stakeholders (Samsung, 2015, p.26).

Strategy

The business sustainability strategy of Samsung in terms of people includes compliance management, human resource development, and workplace environment. In terms of society, its sustainability strategy involves business ecosystem, social contributions, and sustainable innovation. Furthermore, its sustainability strategy involving environment is about green management, eco-products, and green operation (Samsung, 2015).

Samsung manages its system to ensure that it can efficiently respond to business and financial risks and stricter regulations in each country where it operates. It has established internal risk management systems which enable the company to address company-wide risks as well as prevent risk factors. It has a real-time monitoring of its global supply chain from development, procurement, production, logistics, and sales. Samsung has also standardized its processes and systems in order to enhance its management and productivity (Samsung, 2015).

Samsung has as tax management system. It boasts of honest tax report and payment which shows its commitment to contribute to local communities. It is considered as a major taxpayer, investor, and contributor in job creation in each country. Samsung shares economic values with various stakeholders. It believes that sustainable business performance creates tangible impact in the society (Samsung, 2015).

The company also maintains open communication with its major stakeholders in each country to address any social and environmental concerns and challenges. Samsung operates in diverse communication channels to manage expectations of stakeholders and to keep cooperative relationships that are long term. In addition, the company listens to its stakeholder's voices through forums, surveys, and on-site visits. Some of the communication channels and activities the company conducted with employees, NGOs, suppliers, and shareholders and investors include Share Growth Day, Samsung Electronics Supplier Job Fair, employee satisfaction survey, Media Day, Customer VOC claim processing, Smart School, NGO gatherings, and Investors Forum among others (Samsung, 2015).

The company is aware of the environmental impact related to sourcing, manufacturing, use and disposal of the sources for its business. To demonstrate being a responsible corporate citizen, Samsung continues to implement initiatives for economic profitability and environmental sustainability. In last year's UNESCO World Conference on Education for Sustainable Development (ESD), Samsung shared its vision for education for sustainable development: "Digital technology to strengthen Education for Sustainable Development." Samsung introduced its Samsung Solve for Tomorrow Contest, E-Waste recycling program, and Climate Literacy project which are launched in Hong Kong, Cambodia, and Vietnam, respectively (Lim, Park, Jung, 2014).

Samsung promotes sustainable development through some of its products such as energy efficient microwaves and solar-powered netbooks. Efforts like this from Samsung

shows the potential of sustainability to help address poverty in developing countries at the same time address environmental concerns and awareness (Johnston, 2012).

In 2013, Samsung received the first smartphone sustainability certification from TCO Development for its Galaxy S4 (Kaye, 2013). The certification is an internationally recognized requirements for environmental design and socially responsible manufacturing. The certification aims to place higher demands of sustainability on smartphones and educate consumers to choose sustainably designed devices (TCO Development, 2013) which leave the smallest social and environmental impacts (Kaye, 2013).

Organizational Culture

For Samsung, its innovation and technology are not only dedicated in creating products for consumers, but also in helping build a sustainable future. The company is committed in protecting the environment and enabling social development by sharing access to its innovation and technology in all markets where it operates (Samsung, 2015). The company believes that “True success goes hand-in-hand with creating prosperity and opportunities for the community” (Samsung Tomorrow, 2014).

Samsung encourages a creative culture and gives its people a wide range of opportunities to reach their full potential. It recruits diverse and global talent (Samsung, 2015, p.34). Its people is what gives unique strengths to the company’s excellence that helps the company perform in a highly ethical manner and commit to lawful business practices (Samsung, 2015, p.23). The company cultivates an organizational culture of integrity through ensuring that it complies with management systems based on relevant laws and principles. To do so, it conducts employee trainings and system reviews (Samsung, 2015, p.28) and requires it employees to strictly adhere to the company’s Employee Code of Conduct and Business

Conduct Guidelines. Moreover, it prioritizes the protection of the rights of the employees and prohibition of any form of discrimination (Samsung, 2015, p.34).

Discussion

Samsung has a wide range of programs and initiatives to ensure the sustainability of its business. The management of the business is led by the Board of Directors with committees to handle specific matters pertinent to the company. Samsung gives high value to its people. It promotes creativity and diversity of talents. It provides a wealth of opportunities for them to reach their full potential. Moreover, Samsung continues to practice being a responsible corporate citizen through its various community and environmental initiatives. It ensures engagement with its stakeholders. These are just some of the efforts of Samsung to respond in the growing demand for companies to be more accountable and responsible in this age of globalization and in light of global issues such as climate change. Samsung leadership ensures the sustainability by being guided by its management ideology that is dedicating its talents, products and services for better society.

Conclusion

Technology companies like Samsung should really put greater emphasis on sustainable development especially with rapid changes in environment and society. To ensure sustainable growth, it is important that the company analyzes the risks, opportunities, and other matters that affect its business. Samsung discloses relevant management strategies and directions which increases credibility with stakeholders. It also included in its sustainability reports the key issues by area which enable stakeholders understand more the challenges the company faces. Further research could be conducted to look at how the company's initiatives are addressing (or not) those issues and what else could be improved.

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