

# Analysis of the lenovo group management essay



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Nowadays, an increasing number of big international firms and organizations have paid more and more attention to implement the Corporate Social Responsibility (CSR). Today, huge global corporations not only concern the maximum profits as the company's supreme goal, but also constantly take part in a number of public service activities.

This report relates the Corporate Social Responsibility (CSR) analysis of one of the world's largest PC and digital products company: the Lenovo Group Ltd. By the analysis of Lenovo Group Ltd's Corporate Social Responsibility (CSR), the main aim of this project is to critically research that international firms implement Corporate Social Responsibility (CSR) initiatives mainly to enhance their global image and reputation or do the initiatives also reflect a deeper managerial commitment to the pressing global issues such as ownership and usage of scarce resources, poverty and inequity, global warming and pollution.

This report is mainly divided into three parts. Firstly, the report will talk about the Lenovo Group Ltd. It will separate to describe from the Company Profile, the Products and markets Lenovo owns. Secondly, this paper will outline the Lenovo Group Ltd's Corporate Social Responsibility (CSR). In order to explain this, three aspects which includes the economic responsibility, the environmental responsibility, and the social responsibility are being elaborated. Last, the report will discuss whether Lenovo implement its Corporate Social Responsibility (CSR) initiatives mainly to enhance its global image and reputation or other issues mentioned above.

## **2. 0 About Lenovo Group Ltd**

### **2. 1 Company Profile**

Lenovo is an innovative, international high-tech company formed as a result of the acquisition by the Lenovo Group of the IBM Personal Computing Division. As a global leader in PC market, Lenovo develops, manufactures and sales reliable, professional high quality, safe-to-use technology products and services all around the world. Worldwide, Lenovo provides customers with award-winning “ Think Series” & “ Idea Series” PCs and laptops.

Lenovo’s main operating centers are located in Beijing, Paris, Raleigh and Singapore. Lenovo also has subsidiaries in more than 60 countries and development centers in Yamato, Japan; Beijing, Shanghai and Shenzhen, China; and Raleigh, N. C., the United States. The company sells its PC products in more than 160 countries and employs almost 21, 300 employees worldwide. In 2009/10 fiscal year, Lenovo’s business revenue was near US\$15. 6 billion.

In March 2009, in order to face the global economic crisis, Lenovo had taken active measures to establish two new business groups: one focusing on the customers in the mature markets, and the other focusing on clients in the emerging markets. The new structure replace the company’s existing geographic region, the company’s main aim is to make Lenovo’s strategic directions a better match with the current market characteristics, and give all the customers better services. The regions of emerging market cover the mainland China, Hongkong, Macau, Taiwan, and Korea, ASEAN, India, Turkey, East Europe, Middle East, Pakistan, Egypt, Africa (including South Africa), Russia and Central Asia. Chen Shaopeng, the former senior vice president  
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and president of Greater China and Russian regions, was appointed president of emerging markets.

## **2. 2 Products and markets**

Lenovo's world-famous "Think" brand and the newly-launched "Idea" brand provide high-quality and professional services to both corporate and personal users. Lenovo ThinkPad notebooks and ThinkCentre desktops which equipped with ThinkVantage technologies, ThinkVision monitors and a set of PC accessories and options constantly win global awards in the recent years. Through the innovative application of technology experience, glamorous fashion design, science and technology, the IdeaPad notebooks and IdeaCentre desktop PCs help customers to enjoy their living, working and recreation.

Lenovo has a huge distribution network in china, about ten thousand retail outlets locate in almost every city to provide all kinds of service for the customer. Lenovo PCs have been the best selling PCs in the home market of China since 1997 due to its advanced technology, ease of use, personalized design and a wide range of solutions.

## **3. 0 Corporate Social Responsibility**

### **3. 1 Economic responsibility**

#### **3. 1. 1 Responsibility to investors and shareholders**

Lenovo's primary responsibility to investors and shareholders is: disclose managerial details and other major informations timely and accurately; Provide reasonable investment returns; Implement the basic principles of responsible investment. To this end, Lenovo introduced the following basic

policies: Strengthen corporate governance, Improve transparency, Executive business strategies from the long-term interests of shareholders, Persist in the concepts and principles of responsible investment during the business process, Compliance with social responsibility will be required as an important reference for decision-making.

Lenovo continuously improves investor relations management, maintains open and effective communication with its investors, and pursues highly transparent, consistent, clear and honest information disclosure. Lenovo encourages its shareholders to attend annual shareholder meetings, and maintains ongoing communication with investors and securities analysts. In 2008, Lenovo held a roundtable discussion with analysts to enable them to develop a deeper understanding of Lenovo's operations and strategy. Our management also participated in many large-scale investor fora and held roadshows to meet investors from all over the world.

The following form shows Lenovo's sales distribution by region (2008):

### **3. 1. 2 Responsibility of the industrial chain partners**

As a member of the management committee of Electronic Industry Code Of Conduct(EICC), Lenovo not only make sure that the company abide by the guidelines of EICC, but also actively guide and require the supply chain partners to compliance with the rules of EICC.

Lenovo has always sought to work to a high standard of integrity and business ethics in its operations, and encourages its suppliers and business partners to uphold the principles of business ethics and fairness. Lenovo has a full-time global outsourcing officer and a hotline in its corporate purchasing

department to identify and deal with any activity or behavior that violates these principles. Lenovo maintains comprehensive rules and regulations in its compliance system and employee code of conduct. For example, no employee or employee family member may solicit or accept monetary reward from any supplier or quasi-supplier, and employees are only allowed to accept gifts worth no more than 25 dollars.

Lenovo's assessment process of its suppliers and contractors includes field trips, puts the environmental management system and process control into record, investigates whether the suppliers or contractors and subcontractors meet the Lenovo's requirements of environmental protection, require product's description, lifetime, components and materials disposal.

## **3. 2 Environmental Responsibility**

### **3. 2. 1 Lenovo's Environmental Policy**

Lenovo's s environmental policy specifies the objectives and guidelines of environmental responsibility that all Lenovo employees and contractors should work to. The Lenovo environmental policy has four core aspects: compliance, pollution prevention, product environmental leadership, and the continual improvement of environmental management and performance.

Lenovo is committed to environmental protection career during all business activities. Relevant corporate strategies, policies and guidelines are made to support Lenovo as a pioneer in environmental protection. All the managers, general staff and contractors working for Lenovo have an obligation to help the company achieve the following objectives: in order to save natural resources, reuse and recycling materials, purchasing recycled materials and

use recyclable packaging and other materials; research and development, production and sale of reusable energy saving products; taking timely and responsible action to correct the environmental conditions that could harm whether directly or potentially the employers' health.

Taking Product material usage for example. The Stated objectives for Lenovo in the year of 2008 is Post consumer recycled content plastics to constitute a minimum of 4% of total Lenovo supplier plastic purchases and According to the Lenovo's official website information: All business units to have at least one product announcement in 2009 supporting the PVC/BFR phase out goal. The use of PVC and BFRs in all products shall be phased out by year end 2010. At the same time, according to the achievements Lenovo has done during the whole year 2008, Due to a challenging business environment and significant cost impacts associated with the total phase out of PVC and BFR across all product lines, Lenovo was forced to re-evaluate its timetable for achieving this target. While ultimately Lenovo remains committed to this principle our timeline will be extended.

### **3. 2. 1. 1 Environmental management system**

Through the establishment of multi-level organization and management of environmental affairs agencies, Lenovo has achieved efficient management of environmental matters globally. According to the division of region, product business sector, production in the workplace, Lenovo respectively set up Coordination of Environmental Affairs to establish, maintain and ensure the running of the management of environmental in all levels of Lenovo Group.

Lenovo seeks to improve its environmental performance and has established its own environmental management system under the global environmental affairs management structure. Factories in Beijing, Shanghai, Huiyang and Shenzhen have all been accredited by ISO14001 for design, development, production, and the after-sales services of products (including desktop computers, notebook computers and peripherals).

The following form shows the Lenovo global environmental affairs management structure:

### **3. 3 Social Responsibility**

#### **3. 3. 1 Protecting employee rights and benefits**

Lenovo complies with all labor laws and regulations and protects the lawful rights and interests of its employees. Lenovo amended its rules and regulations on the administration of its labor contract in accordance with the new 2008 Labor Contract Law of the People's Republic of China; all Lenovo employees are covered by the contract. Lenovo respects and upholds all international human rights conventions and labor standards to which China is a signatory and prohibits any use of child labor or forced labor.

##### **3. 3. 1. 1 Equal employment opportunities**

Lenovo promise to give equal employment opportunities. The big global organization prohibits any form of discrimination. As of March 31, 2009, Lenovo has a total of 15, 111 employees, including 7, 797 factory workers. The male to female ratio is 6. 5: 1 at the senior management level.

Lenovo concerns the balance between the female employees' working hours and leisure time. In the mean time, provides all kinds of training

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opportunities, and organizes different seminars as well. Moreover, With the support of the “ Career Women Forum”, Lenovo invites the company’s elite women employers to share the experience of confusion, to handle the various challenges, to explore the work-life balance during their career lives.

### **3. 3. 1. 2 Emphasizing occupational health and safety (OHS)**

Lenovo gives priority to the occupational health and safety (OHS) of its employees, and states in its company policy the importance of OHS to the organization and to its business growth. Lenovo has created and implemented OHS rules and regulations that cover all of its subsidiaries, factories, employees, and contractors working on or visiting Lenovo’s premises.

First, Lenovo set up a global occupational health and safety team, which specifically responsible for the occupational health and safety policies, procedures and operating standards. Meanwhile, in order to eliminate safety concerns, the global OHS team is also responsible for promoting association with the employees, contractors and other related contacts. Second, Lenovo adheres to provide a safe, healthy, efficient office environment within a competitive cost. Third, Lenovo concerns about the employers’ stomach, which means no repeat menu every day, and the purchasing department has professional nutritionists who are responsible for the mix of food and nutrition. Last but not least, the ICT industry has long been considered as a highly competitive industry, the psychological problems of staff are particularly concerned. The company not only focus on the physical health of employees, but also the psychological problems. Lenovo sets some courses

related to the mood and stress management, Employee Assistance Program (EPA) for example.

### **3. 3. 2 Innovative public welfare strategy**

Since its founding, Lenovo has engaged in conventional charitable giving. Lenovo also realizes that community involvement should be more than cash and in-kind donations and therefore supports capacity building initiatives. Lenovo spends 1% of its annual profits on corporate social investment in areas where its strength and core values can be felt, for example, where beneficiaries can be motivated to start their own business.

#### **3. 3. 2. 1 Lenovo (China) Volunteers Association**

Lenovo employees play an important role in supporting Lenovo's public welfare causes. According to Lenovo (China) survey of Corporate Social Responsibility, 91.6% of the employees are passionate about the company's volunteer program. In order to better unite the strength of Lenovo, the Lenovo (China) Volunteers Association (LCVA) was formally established in December 2007.

LCVA was established voluntarily by employees and includes 43 senior executives of Lenovo (China). The organization upholds the principles of care, mutual aid, dedication and shared growth, and advocates mutual respect and assistance in Chinese society by conducting volunteer activities designed to narrow the digital divide, improve environmental protection, enhance education, and contribute to poverty alleviation and disaster relief. In this way, LCVA provides a new platform for community involvement by Lenovo (China) employees.

In 2008, LCVA organized a number of volunteer activities, including donated to the employees with troubles in life, organized blood donations for victims of the May 12 Wenchuan Earthquake, participated in a Paralympics sponsorship ceremony supported the provision of a server for the Hongdandan Education & Culture Exchange Center, and donated books to the Little Orange Lamp Program. More than 1, 600 employees participated in these activities. LCVA also became an active member of the Beijing Volunteers Association.

### **3. 3. 2. 2 Lenovo Venture Philanthropy**

Lenovo venture philanthropy program is funded by Lenovo Group Ltd, it is a community project to give opportunities and help develop China's public welfare organizations. This project introduces so-called " Venture Philanthropy" to provide a full range of assistance and funding for small and medium public service organizations, which including comprehensive capacity building and staff volunteers.

In China, Public Welfare organizations are active in various fields, creating great values, making big contributions to the society. But they also face a number of problems such as the lack of institutional capacity building, resource shortages. The rapid development of Public Welfare organizations need more support and help. Lenovo hopes through this innovative financial support, the Chinese public welfare organizations could achieve self-sustainable development.

Lenovo's first Venture Philanthropy plans starts on December 18, 2007. After a strict selection, the project has funded 16 non-governmental Public Welfare

organizations, issued nearly 300 million venture capital money. This has aroused many concerns all around the country and achieved good social benefits.

## **4. 0 Evaluation**

## **5. 0 Conclusion**

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