

# Samsung case study

Business



Maintaining the “ SingleSamsung” Spirit: Recommendations for a changing environment Contents Introduction 1. a. Samsung: - Philosophy - Culture - Values - Human Resource Policies 1. b. Philosophical grounding of Samsung’s Value System: - Ontological Assumptions - Agency Assumptions - Epistemological Assumptions 2. a.

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Samsung has grown to become of the world’s leading companies with a brand value estimated at US\$18 billion and over 263, 000 employees in 68 countries as of 2007. Since its beginning in 1938, Samsung has developed itself with a strong emphasis on a core set of values, later formalised as the “ Single Samsung” spirit. Despite its impressive financial success, management is concerned that the unique culture of Samsung is under threat from within.

This is due to a shift in the value orientation of a younger generation of employees, who identify less with traditional practices and favour more open and egalitarian human resource policies.

Part one of this report describes the key components of the “ Single Samsung” initiative, which is at the core of Samsung culture and identifies the main philosophical perspective that informs this value system. Part two looks at the two current challenges in Samsung’s employment environment and recommends two different restructure programs that are grounded in

contrasting philosophical perspectives. 1. Samsung's philosophy, culture, values and HR policies 1. a.

(i) The Samsung Philosophy The Samsung philosophy, first and foremost, is built upon a strong investment in its employees.

Its approach encapsulates a modern South Korea, which although poor in natural resources, has dedicated itself to the development and education of its human resources. Byung-Chull Lee, the Samsung founder, built the company's corporate philosophy on three key values: \* Economic contribution to the nation \* Top priority of people \* Pursuit of rationality These values epitomise the Samsung corporate philosophy that "a company is its people" and form the cornerstone of a company environment that lives and breathes the South Korean philosophy of dedication to its workers. 1. a.

(ii) The Samsung Culture

Samsung's corporate philosophy created a performance-orientated culture that rewarded employees for exhibiting complete devotion to their work. Samsung's culture is focused on the facilitation of new ideas, technology and innovation that has helped them develop a company that is at the very cutting-edge of product design and development. Another key element of Samsung's culture is its emphasis on cooperation between management and various functional departments. By breaking down the traditional boundary between management and workers, Samsung has cultivated a fast, dynamic and adaptable corporate culture that has become a global benchmark. . a.

(iii) Samsung Values Building on the founding chairman's three key values, Samsung has sought to address the challenges associated with a rapidly

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changing global marketplace with a centralised initiative: “ Single Samsung”. The “ Single Samsung” initiative encompassed five main factors: People: Encapsulates the founding chairman’s belief that “ a company is its people”. Excellence: Denotes the continual endeavour to overcome challenges and pursue excellence in every facet of the business. Change: Represents Samsung’s commitment to implement change and innovation to remain an industry leader.

Integrity: Maintains that Samsung acted ethically, ensuring fairness and morality. Co-prosperity: Signifies that Samsung act responsibly for the benefit of its community and nation and the prosperity of the larger global society.

#### 1. a. (iv) Samsung’s Human Resource Development (HRD) Policies

Samsung’s approach to HRD is largely characteristic of the company philosophy instilled by Byung-Chull Lee regarding a deep involvement with its employees. Samsung emphasises the importance of maintaining interaction between management and the workers below them in production plants and R& D.

Further, Samsung was the first South Korean multinational to start using a competitive recruiting system aimed at procuring the services of the brightest minds the nation had to offer. Ultimately then, Samsung’s HR policies are built upon securing and retaining the best talent, no matter what the cost.

#### 1. b. The philosophical grounding of Samsung’s value system and HR policies

The Samsung corporate philosophy and related values and culture most

closely identify with a predominately interpretivistic perspective. This is explored in relation to the underlying assumptions that form Samsung's corporate identity. . b.

(i) Ontological assumptions Samsung takes a primarily constructionist approach to what constitutes its organisational reality. Its corporate philosophy, culture and values are built on deriving meaning from social interaction and “ intellectual creativity” (Gun-Hee Lee cited in Khilji, Oh and Manikoth 2011 p. 4). Samsung's philosophy, particularly under the leadership of Gun-Hee Lee, is that its collective success hinges upon the “ creative culture” of its employees and “ intense focus on educating and developing its people” (Khilji, Oh and Manikoth 2011, p. -5).

As such, no single external reality is deemed to best fit the development of Samsung, rather, this development is conditional on the various intellectual and creative processes of its workers. The overall value of Samsung is perceived to be divided into the separate realities of its various functional departments and subdivisions. As such, there is a focus on “ enforcing positive interaction” (Khilji, Oh and Manikoth 2011, p. 5) between the different viewpoints (or realities) of these departments and Samsung's management.

This is indicative of an interpretivistic paradigm which defines meaning and reality as the construction of meaningful social interface.

1. b. (ii) Agency assumptions There is no deterministic model for employee behaviour at Samsung, rather, their behaviour and action is shaped by the company values, culture and HR policies to optimise worker satisfaction and

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enhance creative productivity. This means that workers' actions are influenced by, but not completely determined by, the socially constructed values that symbolise Samsung (see section 1. a. part 3).

Value for Samsung is generated where “humanity [is] respected and individuals are allowed to exercise their full potential” (Khilji, Oh and Manikoth 2011, p. 4). The importance of individuality, a key tenet of interpretivism, is underscored in Samsung management philosophy. This is highlighted by the fact they often give “employees responsibilities in management” and “full autonomy in developing new products” (Khilji, Oh and Manikoth 2011, p. 5-6). 1.

b. (iii) Epistemological assumptions For Samsung, knowledge consists of those constructions about which there is a relative consensus.

This means that the design process and thus knowledge-generation of Samsung is based on a culture “that remained open to ideas, technology, and innovation” (Khilji, Oh and Manikoth 2011, p. 5). This context-dependent, liberated approach to product design and the creation of technical knowledge within Samsung is representative of an interpretivistic paradigm.

Samsung policies “encouraged knowledge sharing” (Khilji, Oh and Manikoth 2011, p. 5) and triumphed knowledge as the shared product of the intellectual and creative process of its employees.

For this reason, Samsung's philosophy and corporate values symbolise an understanding of knowledge creation as subjective and not determined by a single external reality. As chairman Gun-Hee Lee declared “The 21st century

will be a knowledge-based society where intelligent creativity rules” (Khilji, Oh and Manikoth 2011, p. 4).

2. Current Challenges facing Samsung’s NEO program The New Employee Orientation (NEO) program has been one of the most important arms of Samsung’s HR development due to the fact it has instilled the philosophy, values and culture of Samsung among new employees. It is however, facing two key challenges: 2. . (i) A changing profile of new Samsung employees In 2008 and 2009, there was a distinct movement towards the recruitment of more experienced employees (up 50 per cent) and non-Korean employees (up 34 per cent). The problem for Samsung HR managers is that the NEO program was designed primarily for fresh South Korean college graduates and as such there is a question about how applicable it is for these more experienced recruits.

The concern is that if these new employees are not required to participate in NEO, it may mean they do not acquire the same sense of belonging or Samsung spirit engendered in their senior colleagues. . a. (ii) A shift in generational values In recent years South Korea, as well as the rest of the world, has faced an alteration in generational values. The new generation of young people, referred to as “ digital natives” (Khilji, Oh and Manikoth 2011, p. 8), place much less emphasis on the traditional hierarchy that exists in South Korean society and the cultural values that are accentuated in Confucian philosophy.

As a product of a new digital age typified by early exposure to globalisation and the Internet, these digital natives have exhibited behaviour that does benefit the Samsung culture.

Therefore the problem for HR managers is that the NEO program may have become obsolete, since this new generation no longer identifies with the values and beliefs that their senior counterparts preserved. That is, the digital natives are not willing to show the complete devotion to Samsung that many older generations displayed. As one executive explained: “ the digital natives rally will do what they want to do and not what the company wants them to do” (Khilji, Oh and Manikoth 2011, p. 8). 2.

b. Recommendations for the restructure of NEO and the Single Samsung initiative 2. b. i) A positivistic approach We suppose a three step plan to restructuring NEO and ensuring the continued existence of the Single Samsung initiative. In providing the specific recommendations outlined below and in keeping with a positivistic paradigm, we recognise organisational efficiency and shareholder profits as the two key, objectively definable goals of a revamped NEO. 1.

Research: An empirical understanding the employment environment  
Empirical research should be conducted on the typical profile of new employees joining Samsung and different elements of the NEO program.

The purpose of this research is to isolate variables and assess causal relations within the employment environment to identify what aspects of NEO can be amended to help digital natives achieve a better work-life balance, but not compromise on efficiency. This quantifiable data will allow

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HR managers to better understand the underlying patterns that dictate how new employees adjust to the culture of Samsung and thus how to best structure NEO to enhance efficiency. This is in keeping with a positivistic perspective which triumphs empiricism and the collection of quantifiable data to discover universal laws. . Strategy: A deterministic model for employee behaviour By collecting data on both the characteristics of its new workers and the effectiveness of its orientation program, Samsung can align the values of the new recruits to its strategic direction and construct a program that affiliates them with the ' Single Samsung'vision. This is important because the past success of Samsung has been built on the back of this unified and cooperative business culture. This is representative of a positivistic paradigm since the behaviour of new employees is assumed to be systematic and controllable.

The understanding gained from collecting and analysing data from the recruitment process will help HR managers understand and explain the different behaviour of ' digital natives'. This empirical approach assumes that the activity of new employees exists independently of social and cultural forces.

3. Structure: An orientation and reward program based on functionalism The restructure of NEO should focus on functional approach to inducting new employees and stress the importance of accountability and predictability in the actions of workers.

Samsung should consider orientation structures when re-evaluating NEO such as: \* Job enrichment \* Job rotation \* Job design These functional and objective tools for increasing new employee satisfaction should be viewed as <https://assignbuster.com/samsung-case-study-case-study-samples/>

input variables for HR managers, with the purpose of maximising organisational effectiveness to promote the economic objectives of a “ Single Samsung”. To achieve these goals, Samsung should implement a reward system that is contingent on productivity and performance.

This is a key element of a positivistic perspective since there is assumed to be one objectively definable organisational reality that Samsung needs to manage. In this sense, HR managers need to reject the influence that diverse value systems or generational differences may have because these concepts are inconsequential under a positivistic paradigm.

2. b. (ii) An interpretivistic approach We propose a more holistic approach to the restructure of NEO that will apply a transcendent perspective towards the actions of new employees.

This means developing a NEO program that will reflect on, re-examine and analyse the personal points of view of new recruits, HR managers and existing senior staff. As such, we recommend that NEO be restructured into a social integration program (NESIP), that is an amalgamation of these differing perspectives. The New Employee Social Integration Program (NESIP)

1.

Mission Statement NESIP is aimed at transferring the philosophy of the ‘ Single Samsung’ initiative to new recruits through meaningful social interaction with more senior employees.

This is fundamentally embedded in an interpretivistic paradigm since knowledge and meaning is accrued through a process of communication and negotiation. 2. Operational Design NESIP is designed so that new recruits are

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paired with existing employees from Samsung who act as mentors in the early transition period. This means that the ‘ Single Samsung’ initiative should not be dictated by an autocratic means as suggested in 2.

b. (i), but rather instilled through building lasting personal and professional relationships with mentors who have a deeper understanding of what it means to be Samsung People.

NESIP is designed so that it is not ‘ one size fits all’ (as is the case with the existing NEO) but rather is adaptive and fluid. This means that the internal processes and values of the digital natives and other new employees can be reconciled and merged with the experience of older employees who understand and can relate to the Samsung Spirit. New employees gain an understanding of the “ Single Samsung” initiative through an interactive and collaborative process that builds meaning over time.

This reinforces the program’s interpretivistic grounding since knowledge and meaning is considered a by-product of individual rationality (an epistemological tenet of interpretivism). The benefit of this approach is that it caters for the individual needs of new employees and does not assume a uniform behavioural response to the transition to Samsung, as is the case under a positivistic perspective. Every new employee is given the opportunity to ask questions, make their own judgements and ultimately assimilate to the Samsung philosophy according to their own subjective, internal process.

This approach is fundamentally couched in an interpretivistic paradigm since NESIP is guided by subjective dynamics, that is, the values, culture and belief

system of new employees cannot be dismissed and indeed actually form part of Samsung's organisational reality. This is consistent then with one of the key ontological assumptions of interpretivism, the idea that there is not one concrete organisational reality for Samsung but rather multiple, contextually-dependent realities that must be considered when re-evaluating NEO and the Single Samsung initiative.

Conclusion It is clear then the problems facing Samsung HR managers are ones that question the very cultural identity upon which the company was founded. There can be doubt that the continued existence of a unified "Single Samsung" philosophy is imperative to sustaining the financial success that the company has experienced in the last several decades. The recommendations provided in this report offer two contrasting approaches to tackling the challenge of a changing value orientation of new employees at Samsung. The positivistic approach argues that NEO should be restructured in a way which maximises the organisational efficiency of Samsung and takes a systematic methodology to the treatment of employees. The interpretivistic approach takes the opposite side and argues that the growth and success of Samsung is contingent on the personal development of new employees, and recommends that the "Single Samsung" initiative be instilled through meaningful social interaction and the development of relationships with senior colleagues.

There is therefore a trade-off for Samsung HR managers.

The positivistic approach will likely generate superior economic returns but at the cost of diminished individuality and creative ingenuity. The interpretivistic approach (NESIP) will engender a company that highly values <https://assignbuster.com/samsung-case-study-case-study-samples/>

the cognitive and creative process of its new employees, but may result in shift in focus away from optimal organisational efficiency and thus profitability. In concluding, we therefore recommend that Samsung HR managers adopt a balanced approach to restructuring NEO that incorporates elements informed from both philosophical perspectives.