

Monitoring system on samsung electronics assignment



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Introduction to monitoring systems Monitoring system is a system which is used to make an observation of an enterprise and it is based on set of guidelines by different regulatory bodies. It is used to analyse the sustainability of a corporation through different aspect such as macro and micro levels. Sustainability can be used with different dimensions.

According to Dalal-Clayton and Bass, 2002, “ the main contents of the monitoring system is the developing a good baseline and a systematic approach to monitoring which includes qualitative, quantitative and descriptive monitoring that helps balancing social and economic concerns by making link of internal and external monitoring”. Hence we are going to evaluate Samsung SDI division in Samsung electronics. 1. 2 Dimensions: There are 3 types of dimensions which are Social, Economic and Environmental on which the entire system is evaluated. These are considered as the triple bottom line of sustainability.

These dimensions are further broken down as indicators which are used as different aspects to further study the impacts on the company. 1. 3 Indicators Indicators are everywhere and its part of everybody’s life. Indicators is said to be natural. Generally indicators arise from the principles and ethics of life. Sustainable indicators : are used to measure the performance of the enterprises. As stated in United nations Earth Summit, 1992 “ Indicators of sustainable development need to be developed to provide solid bases for decision making at all levels and to contribute to the self-regulating sustainability of integrated environment and development systems”. However Pannell (2003) comments that “ indicators are developed also in realtion with the company’s busines, their goals and vision making

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the indicators relevant to the business development apart from being essential to the sustainable development and also the indicators are developed to increase the awareness of the corporate accountability”.

Indicators are only effective by ensuring an in depth analysis and integration of various sources of all triple bottom line Economic, Environmental and socio- cultural processes.

When selecting indicators a great care should be given because, when indicators are poorly chosen it can harm the enterprise with serious malfunctioning. The researches show that indicators are partial reflections of reality. So people will have different indicators based on the different views. The indicator analysis can help measuring the performance of a firm and indicate the plan of measurement framework from the appropriate monitoring system. Balance scorecard can be a key indicator that highlights the performance of an enterprise in various aspects. Indicators can help narrow the difference between the different views.

Indicators also can change over period of time with advanced ideas and strategies. There are number of dimensions in viewing the indicators, they are as follows. * Economic indicators * Environmental indicators * Human rights indicators * Labour indicator and * Social indicators 1. 4

Communication Communication is an integral part of any organisational system as well as to the everyday life. Indicators are the guide line for management and bottom line employees, so it should be communicated in a proper manner i. e. should project the results as easily readable and understandable.

Researches show that communication is to be done on a regular basis, updating the changes and developments to the partners and the employees. Reporting is a form of communication and it represents the value and standard of the enterprise to the public. Many of the enterprise hesitate to report the economic indicators which are the back-bone of any organisation, doubting, it could influence negatively to the business. In order to maintain the proper flow of the business communication becomes the ideal factor, else it could face industrial action at some stage.

1. 5 Compliance stages

An enterprise undergoes various stages in its cycle of life towards its sustainability. Particularly there are six phases in its growth toward the sustainability, based on the importance of indicators and social responsibility. They are as follows, Phase I: Rejection: Phase II: Non-responsiveness Phase III: Compliance Phase IV: Efficiency Phase V: Strategic pro-activity Phase VI: Sustainable corporations

1. 6 Ratings

The below given rating scale that is internationally accepted for measuring the enterprise. The scale indicates the how strong is the enterprise with its sustainability.

And it shows how much it grown on sustainable and globally accepted. The scale represents different levels from level ' C' to level ' A+' and the ' A+' represents the leader in the industry in respective of sustainability. The rating figure can be seen in Appendix 1.

2. BUSINESS DESCRIPTION:

SAMSUNG ELECTRONICS COMPANY LIMITED is one of the world's largest electronics companies, founded in 1969 in Suwon, South Korea. SECL is involved into manufacturing communication products which is classified into four divisions, they are; Semiconductor, Digital media, Telecommunication Network and Liquefied crystal display digital appliance.

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Today SECL is revolutionising the digital media with its innovative products. It is known powerhouse in LCD's, mobile phone and rules the microchips market across the world. Samsung also ranked as most profitable IT Company, the profit has surged to 75% compared to 2008 and has a net profit of 9.65 trillion won (US \$ 8 billion). It has a global presence with 111 subsidiaries, which is in the form of sales subsidiaries, production subsidiaries, research laboratories and also eight overseas business divisions located in different parts of the world.

Samsung has won many awards and records in its name and also known as one of the “ World's 50 most admired companies” (Fortune Magazine, 2009). It also has been voted and one of the “ 50 Most Innovative companies” by (Business week, 2009). It has strategic alliances with different companies such as Sony, Hewlett-Packard, IBM, Dell etc. The business principles of Samsung can be seen in Appendix 2. SECL has entered into sustainability since 2000 as per the reports available in the official website. Samsung is known for its innovation as the company invests a lot in terms of research and development.

The known fact is that 40% of its employees work in R department and 1 in every 25 are Phd (Business week, 2005) and expecting around 50,000 employees working in R department by 2010. Every year SECL invests around 9% of its sales revenue in R and also invests in hiring and training the top notch professionals and produces different trends and technologies in offering greatest benefits to the customers. It has 18 R centres in 18 different places in 9 countries. We are currently assessing a part of Samsung

electronics which is Samsung SDI, which is into manufacturing in of digital display devices.

The Samsung's operations are carried out in two segments, one being the display segment and the other being energy segment. In Display they manufacture CRT's (Cathode ray tubes), PDP's (Plasma display panels), AMOLED's (active matrix organic light emitting tools which are used in televisions and monitors. In the energy segment they produce lithium-ion batteries used in mobile phones, laptops computers, automobiles and machine tools. In recent years Samsung SDI has been into massive restructuring to be an environment friendly and a clean energy company.

VISION: " Being a leading GRS company", which is Green, Responsible and Sustainable. . RELEVANT SUSTAINABILITY DIMENSIONS FOR SAMSUNG SDI:

Based on the industry type the different sustainability dimensiona re Econoical, Social -cultural and Environmental. As per the Dow Jones Sustainability Korea (DJSI Korea, 2010) Samsung Electronics Stands in no. 1 position with 10. 52% holdings, where as Samsung SDI is only company which is Importance has been given towards sustainability in terms of triple bottom lines since more than 10 years ago. Reports of green managemnt to save the environment is published in the official website of samsung since 2000. 3. SOCIO-CULTURAL DIMENSIONS: is based on the ethical decisions made in every community or society. It includes caring for people, working with ethical principles, managing issues responsibly, involving in the welfare of employee and the society. Samsung SDI has been beyond business to be responsible corporate citizen in community and the society. Samsung is going hand in hand with its stakeholders. Samsung SDI communicates with

its stakeholders through diverse participation channels, and also using other communication methods to communicate to receive inputs which assist them in their operation.

Contribution from the stakeholders is important in running the business. Stake holders engagement by Samsung SDI can be seen in the figure in Appendix 5. Some of the Socio-cultural dimensions Samsung is involved are as follows; Human resource – Samsung SDI values its employees and their well being, health and safety, work life balance, training, motivating and cultivating a corporate culture. Labour council – also known as employee representative who takes care of employee’s complaints and also their working condition and treatment.

Employment opportunities- As stated in (Sustainability report, 2008) 28% in the new recruitment were women. Community welfare- Samsung SDI is building its synergy in its social contributions, working with local NGOs and public institutions. A program called “ Light of Love”, is which is funded to blind people, where the statistics as shown in the Sustainability report(2008), during 2008, 5143 employees participated in the voluntary service and a total of KRW 950million was returned to the society, out of which KRW 570 went to the Light of Love fund in Korea alone”.

The company has been involved in “ One heart and One town”, program to support rural communities. Also works for Seniors who live alone, helping farmers not only in terms of monetary but also in terms of health and living conditions. Supplier benefits: Introducing suppliers to CSR (Corporate social responsibility), it has introduced S-partner system to build sustainable

partnership with the suppliers. Local purchase: The Company prefers mainly local suppliers for purchase but the proportion dropped since the restructuring of the company in 2007. 3. ENVIRONMENTAL DIMENSIONS – In recent years climate change or Global warming has been a important topic across every organisation. Save environment, Go green are have become a significant mission for every human being to save the world and its species, therefore conserving or saving environment strategies has become competitive advantages for any company, for example use of recycled paper, saving energy, use of environmental friendly products. Samsung SDI follows the iso 1400 standards, which is an international standard for environmental management.

In Samsung SDI Every production unit and the R&D centre uses ISO1400 standards and hence they are under continuously engaged in analysing the environmental impacts and minimising it. Use of hazardous chemicals in the production of battery is one main concern as these have severe negative impacts on the environment if untreated. Samsung SDI is thinking beyond to address the issues of environment and following environmental laws and international regulations and also consulting and referring to opinions by the stakeholders.

Measures taken by the Samsung SDI in terms of Green Gas emissions is to 300, 000 amount of reduction in (tCO₂e) by 2011. The direct and indirect emissions controlled over years can be seen in Appendix 3. This reduction target is 30% lesser than the total GHG emission in 2005. GHG emission source can be seen in the figure Appendix 4. 3. 3 ECONOMICAL DIMENSIONS

– It is considered on the basis of financial and strategic dimension. “ An <https://assignbuster.com/monitoring-system-on-samsung-electronics-assignment/>

organization's economic performance is fundamental to understanding the organization and its basis for sustainability" (G3 Indicator protocol).

Maximising and utilising the shareholders wealth is the goal of any organisation. Samsung SDI has always been into innovation, where they have diversified their market into different products, which helps the company to remain sustainable. Increased costing and production may involve risk if the company sells at a higher price. To be a part of the global market Samsung SDI has involved in well managed risk management, to ensure there is no leakage in terms of company's profit. Shareholders profit will increase in the investment which will ensure the company's performance on a positive side.

Samsung SDI operates globally the government support and also the country's status will affect the performance and the rules and regulations on taxes can be on the riskier side of business. Internal indicators such as sales, profit, operating costs, debt, liabilities, net earnings are to be concerned as the financial performance of the company can affect its share value even if the company is sustainable on the other Social and environmental dimensions. Samsung SDI has good customer satisfaction policy, which is important as to retain the customers.

Product and quality control are important for customer satisfaction.

Immediate response is being managed to solve the issues with customer's complaints. Competition is also another issue where Samsung SDI may face difficulties in the future, if more company's involves in better innovation and product quality. Currently Samsung has good customer base and product

quality which can ensure them to sustain in the competitive market. 4.

SUSTAINABLE INDICATORS FOR SAMSUNG SDI 4. 1 ECONOMIC INDICATORS:

Indicator| Measure | Reporting | Shareholder's returns| Percentage of retained profit and shares and also new shareholders investment| Increased percentage of new and retained shares indicates increased investment acceleration in business growth and vice versa. | *Statistics and monetary value*survey data| Wages, benefits and taxes| Ratio of total payroll to employeesGovernment taxes Employee benefits such as insurance, pension | Fair and reasonable pay to employees and also working on human capital investments. Statistics and monetary valuepaid in taxesAuditing | Competition | Volume of diminishing regular customers Volume of new customers| Indicates the competitors performance| Competitors analysis| Product and services| Revenue generated | Product performance| Risk Mangement | Productivity | Volume of production based on the salesOperational cost| Measuring total productivity| Profit & loss statementFinancial reports| 4. 2 SOCIAL INDICATORS: | Indicator | Measure | Reporting | Skilled employment | Volume of skilled local in the company| Workforce to be recruited from the local community| | Well being| Percentage fAbsenteeism Percentage of Injuries| Level of employee satisfaction and staffs willingness to work in the organisation | Improving the standards in health and safety and concentrating on employeesatisfaction| Opportunities for women | Women recruitment, women in part time, casual and senior position | Opportunity created in the society| Recruitment of more women and providing equal opportunity| Community participation| Dependence of the local community to the organisations | The level of cooperation by the society to the extended products and services| <https://assignbuster.com/monitoring-system-on-samsung-electronics-assignment/>

Community initiatives | Child Labour| Using child labour| Impact on the ethical value of the company| Assuring no suppliers or distributors encourage child labour | Non discrimination| No discrimination among the stakeholders| Equal opportunities to men and women| Company's reputation | Strong code of conduct and strict action against the discriminators| Society | Complaints against the company and the employees| Community attitude towards the organisation. | Problems to the local community | Level of cooperation of locals| Record of unacceptable behaviour by locals| Record of conflicts between expatriates and the local community| 4. 3

ENVIRONMENTAL INDICATORS: | Pressure | State| Response| Water| Amount of usage of water sources, surface water and Ground water| Impacts due to excess usage. Control over the usage| Pollution| GHG emission, waste disposal| Amount of emission impacting the environment| Controlling over the emissions and treatment of waste disposal| Hazardous Chemicals| Usage of Hazardous substance| What are the effects using the chemicals| Minimising the usage, health and concern about health and safety of employees and society| Energy| *Ratio of energy usage| Efficient use of energy| Conservation of energy and using reasonably| Waste | Amount of recycled and non recycled waste generated| Waste recycled and | Reduction in waste generation| Use of hazardous substances | Volume of non recyclable waste generated| Amount of toxic and hazardous waste from the productions | Decreasing chemical usage| Materials| Ratio of raw materials used| Are the materials used sustainable| Advancement towards procuring sustainable materials| 5. CONCLUSION: This paper analyses the sustainability of

Samsung SDI and describes Samsung SDI is at what level on the world rating scale. it is described at the first part of the assignment) Samsung electronics <https://assignbuster.com/monitoring-system-on-samsung-electronics-assignment/>

holds A+ level, i. e. one of the leaders in the most successful sustainable organisations in the world. Even though Samsung faced negative growth in consecutive three years, they managed to maintain to be a leader in the industry and proved now as a successful sustainable organisation. Samsung SDI with its effort to become sustainable, has moved from Phase V to Phase VI. Samsung SDI focuses on all aspects of sustainability in developing society, environment and the company. After the great financial depression in the beginning of the twenty first century, Samsung showed the readiness for a new change towards sustainable growth.

The company attained the sustainability through a systematic process by developing a proper strategy in analysing various sustainable dimensions and indicators. This paper reviews the sustainable dimensions and indicators of Samsung. Samsung SDI has its 6th Sustainability report, the reporting period being January 01 till December 31, 2008 and the report was prepared on the GRI guidelines G3 and the environmental report was prepared based on the guidelines of Ministry of Environment of Korea. Samsung still believes that they took a small step towards the new future and believes these changes will definitely have an impact on stakeholders and company as well as the global population and future generations.

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Electronics profit Tops