

# Business philosophy



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The purpose of this report is to discuss the thinking of Adam Smith and Thomas Robert Malthus and how their ideas influence the business philosophy of Samsung Corporation. Business philosophy is a set of work ethos and best practices that guide the day-to-day operations of a given company. Also, a theoretical framework defines the mechanism used by an organization to manage operational areas in business. The business philosophy integrates the culture, ambiance, and core values that an entity has to uphold given having excellent relationships with the stakeholders. Philosophy in business is evident through the value system and the mission statement that are instituted by the organization. Through the firm philosophy, employees of a given firm can clearly understand the purpose or reasons for the existence of a given company and the role that employees ought to play to live up to the purpose and expectations of the organization. Also, philosophy denotes the operational blueprint that an organization aims at utilizing in its routine operations. The first benefit that a business may derive from the philosophy is the sense of direction that they offer to the stakeholders. The philosophy tends to bring out the mission and vision that a firm has about their operations. Second, the organization can develop a value system that further creates the organizational culture. Third, the philosophy enables the business to be unique compared to other firms currently operating in the same industry. The philosophy can be communicated to employees through branding of the company's products and the induction of new staff into the organization. Meanwhile, some agencies draw their beliefs from the core teachings and ideas of great philosophers such as Adam Smith and Thomas Robert Malthus.

Adam Smith is a renowned philosopher mainly through his publications that look into the economy of nations and human morality. According to Smith, economy implies both the political and governance aspects of a country. Also, Smith asserts that morality is what establishes a human being. The first argument that Smith presents given the operations of an organization is that the government does not necessarily need to interfere with the operations of an organization. Rather, the market forces should dictate the means of operations and the business climate of any industry. Smith is known to have coined the term wealthy nations, an expression that is regarded in the modern day as capitalism. Capitalism is a protest against the mercantile system of governance that approved the power that distorted contemporary business climate. However, Smith further advances that the operations of any business need to be cognizant of the welfare and wellbeing of the people who work within the organization. Smiths suppose that the income levels in a society ought to be equal. Second, labor ought to be sought free based on the returns on investment likely to be realized from the labor. Third, labor is a commodity that ought to be available to the higher bidder. Fourth, there is a need for competition to exist amongst different firms. Consequently, Smith advocates a favorable environment for a trade where every business has a unique opportunity to compete with the peers owing to the high levels of innovation and unique products that the product offers to their customers.

Thomas Robert Malthus is a philosopher who focused on the population economics; he observed human population played a key role in social development. Malthus was mainly interested in how population and food supply relates. One of his major discoveries was that humans change their

behavior depending on the economic situation at hand. He discouraged increased food production since he believed that it further accelerated population growth which will again reduce food in supply. Malthus is one of the philosophers that people did not understand well due to his negativity on food economics and human population. Malthus saw population increase as an avoidable fact if conditions such as food supply are improved. He supported taxes on imported food product to enable increased food productivity in his country. He proposed the Malthusian catastrophe which states that human population can only be stopped by depletion of the resource. He believed in the balance of population and resource and his ideas greatly influenced the industrial revolution.; His theories have been confirmed to by the current state of affairs where the population of the world has greatly grown due to increase in technology and knowledge in agriculture. Malthus and Smith theories can be used to explain how innovation play a key role in the product market, for instance, the market for phone technology that Samsung is involved.

The teachings of Adam Smith and Thomas Robert Malthus have certain similarities. In explaining how product innovation affects the product market. ; First, the economic and population growth depends on technological advancement and innovations. Hence, knowledge in science is a vital component for a country or organization advancement. The two philosophers tend to agree on the concept of population growth and scientific innovation. Both believe that wealth is the ability to increase human population at a first rate. Malthus taught that every human being is responsible for the population increase due to technological advancement that increases their

ability to produce food. Smith also advocated for innovation as a key factor in technology development and growth of a population. However, there are set of conflicts in the teachings of Adams Smith and Thomas Robert Malthus. First, Malthus is against uncontrolled innovation that might lead to rapid population growth and worsen the economy. He was also against innovations that might lead to unfair competition in the market. Adam Smith, on the other hand, upholds technology for capitalism. Capitalism asserts that human beings need to be rewarded for his or her labor based on the contribution that his or her employment offers.

#### About Samsung Corporation

Over the years, Samsung Group has been devoted to improving the world through diverse business strategies and product brands that span around advanced technology. They have over the years dedicated themselves to providing reliable, dedicated products and services to their customers as well as employed talented, responsible people to handle the production of their products. Besides, the company is guided by a focused vision that states to lead the digital convergence movement.' Through this vision, the company has taken upon itself to use technology innovation today to find permanent solutions that will address challenges that people would face in the future (Song, C.-Y., & Yi, K.-M, 2014, pp 37). In this case, Samsung has focused on tapping into the digital economy, has ensured that citizens in emerging markets prosper, and helped people invent new possibilities hence providing opportunities of growth to the company.

Samsung changed its vision to inspire the world, create the future. With this new vision, the company hoped to combine their key strengths innovative products, new technology, and creative solutions to inspire communities and help contribute to a better world, by directly affecting their key stakeholders' employees, partners, and the technology industry. The primary target for this vision is to enable the company achieves its milestone of \$400 billion in revenue by the year 2020, as well as be among the worlds top five brands (Song, C.-Y., ; Yi, K.-M, 2014, pp 37).

Samsung has therefore developed strategic approaches to its management that include talent, creativity, and partnership to help ensure that they accomplish the set goals within the allowed timeframe. Additionally, the mission statement of the company does a lot to make sure that the stakeholders of the company not only remain focused but also work towards the same direction.; Their mission that is embedded in the philosophy that states: to devote our talent and technology to creating superior quality products and services that contribute to a global society.

Nature and role of Samsung in shaping leadership behaviors and approaches

;;; Samsung is driven by the innate desire to meet the mutating demands and needs of their clientele consistently. The mission and vision statement of the company is evident on the role that the firm buttresses its operation and steer in its innovation to meet the demands of their customers (Northouse, 2012, pp 79). As such, Samsung shapes the leadership behaviors and approaches by aligning them to the vision and mission of the company.

Samsung has a nature of being the leading producer of basic household electronics amongst the American families. The quest to maintain the presence of its products in each home dictates the nature of the company thereby influencing the leadership behavior and approaches that Samsung has to employ in its business operations. Critical to affecting the quality of the Samsung is the need to recognize change management in the human resource activities (Northouse, 2012, pp 79). Change management amounts to the effecting of acceptable strategies to the market to produce products that consumable by the target market proportion. The leadership adopts a behavior that is friendly to the consumers and the employees of the company thereby deriving the requisite changes that is pertinent to the general growth of the firm.

The nature of Samsung influences the business management to utilize the Porters five forces model to achieve the desired objective of the enterprise. That is, the leadership of Samsung arm that operates within the United States of America applies the five forces model to effect the changes that they wish and desire for the overall growth of the company (Northouse, 2012, pp 79). The Porters five forces model dictates the leadership approach and behavior as discussed here below:

The bargaining power of buyers: the customers bargaining power is high as the buyers have a good leverage when it comes to access to information as well as the fact that completion in the technology industry including laptops and mobiles as well as electronics is high. The fact that there are so many manufacturers of the same products Samsung manufactures gives

customers an added advantage as they can easily switch to products with better features or price points.

The bargaining power of suppliers: the suppliers bargaining power on Samsung is little, this is because Samsung is its supplier in not only most of the components but also for their raw materials. However, in the industry, the suppliers bargaining power is relatively high. The providers goods are essential to the buyers marketplace success.

The threat of potential new entrants: the threat of possible new entrants is low; this is mainly because high capital is required to enter into the industry. It is always difficult for a start-up to enter into an industry where the existing or operating firms already operate on cost and differentiation strategies. This is mainly because the new entrants would have major issues with overcoming patents especially if they did not mostly invest in research and development to create a unique product.

Role of corporate governance of Samsung in shaping leadership behaviors and approaches

Corporate governance defines the scope of business regarding the industries and markets in which it operates and competes. This level includes decisions on vertical integration, diversification, new ventures, divestments, allocation of scarce resources between business units and acquisitions (Northouse, 2012, pp 79). At this level, the company should venture into new businesses mainly because their current technology is quickly becoming outpaced by new technologies that depend on nanotechnology. The another level is the business strategy level; this is usually concerned with how the firm competes



within the particular industry or market. Samsung must develop strategies that will ensure it establishes a competitive advantage over its rivals (Northouse, 2012, pp. 79). By doing so, the company will be able to increase its profitability mainly.

Samsung has successfully positioned or placed itself as one of the best mobile handset manufacturers as its products are recognized in several media. Many individuals refer to their mobile handsets as “Mercedes of cell phones” or “the best gift for Christmas.” The success factors behind Samsung mobile handsets are their innovative functionality and designs (Northouse, 2012, pp 79).

Using this success factor as strength, Samsung diversifies their products through the provision of other devices that operate unique operating systems, as well as increased functionality. Samsung is both product and market oriented. The electronics that the company produces, mobile phones, in particular, resonate with the needs of the consumers regarding usability and price. Samsung Company employs various corporate governance mechanisms to ensure that the management works in harmony to achieve the company's goals and objectives. These tools include:

Internal mechanism: these tools monitor the progress and activities of the organization and take corrective actions when the business goes astray or deviates from their set goals and objectives. The internal mechanisms employed by Samsung are meant to ensure that the internal stakeholders of the company, employees, managers, and owners, work smoothly and that

they establish clearly defined reporting lines and performance measurement systems.

The internal mechanisms duties include the oversight of management operations structure of the board of directors into different levels of responsibility, policy development and segregation of control. Additionally, they have the duty of ensuring independent internal audits are regularly done so as to ensure the company remains focused on its goals.

Samsung Company also employs external mechanisms in its corporate governance; these external devices are governed by forces outside the organization such as the government, trade unions, and financial institutions (Northouse, 2012, pp 79). The objectives of these are to ensure the company adequate debt management mechanisms as well as it complies with the legal requirements of their country of operation. The external mechanisms for corporate governance have the duty to advice or offer guidelines for best practices, and the company has the status of reporting their compliance states with the guidance provided.

These mechanisms are effective in ensuring that all stakeholders responsible for attaining business goals and objectives work together to efficiently achieve the set target (Hammerich, ; Lewis, 2013, pp 67). Also, the frequent internal independent audits are meant to ensure that the management does not steer away from their focus in being a world class leader and in any case they do, it will be quickly noticed and corrective mechanisms employed. Additionally, in compliance with the external tools, the management is

confident to offer quality goods that meet the set legal standards of their countries.

Operating context of Samsung in shaping leadership behaviors and approaches

The company is proud to be having hardware that integrates to different types of software and other components of electronics. This is the main reason for the company producing products that favor even the poor (Hammerich, ; Lewis, 2013, pp 67). It has environmental concerns at its heart and, therefore, has taken the steps in manufacturing products that are environmentally free. The company has gone into grass roots and identified employees who are innovative and best designers. Compared to its competitors such Apple, its products are cheap and consumer friendly. The company is proud to manufacture approximately 174 handset types that cater for every individual in the society. Its appliances are easier and quick to use (Hammerich, ; Lewis, 2013, pp 67).

External environment of Samsung in shaping leadership behaviors and approaches

The company has experienced increased demand for its Smartphone products in the third world and developing countries that include India. Samsung Company is experiencing greater purchases of its merchandises as consumers have developed a notion that products from the company are the best (George, ; Jones, 2007, pp 117). The company is proud to have the best advertising platform that enhances sales for its tablets.

Samsung has over the years managed to build a strong brand value through multiple sponsorships and has gained a reputation for excellence in engineering and hardware production; it has proven to be innovative and well-designed besides achieving low production costs. Since the company can effectively market its brand around the world, it uses this strength to take advantage of new and growing markets all over the world. An example is India's growing Smartphone market. Due to India's relatively weak economy, they are more attracted to the lower prices of Samsung products as compared to their competitors such as Apple (George, ; Jones, 2007, pp 117). The company establishes their brand in the market to ensure that it has the largest market share. Additionally, Samsung invests in developing its operating system for their mobile division so as to differentiate its product from other competitors. Mostly the cheap Chinese goods that have for a long time developed same products to Samsung's devices that has had the effect of ruining the perception of customers on Samsung's products as being inferior quality products (Blakeley, 2007, pp 49).

Samsung takes into consideration the teachings of Smith that call for capitalism in the global market. Samsung uses Smith's teaching to strive to be a market leader in the global industry. Second, Samsung values its employees and views the employees as the critical resource to drive the agenda of the organization. The technological market in which Samsung operates is highly liberalized, and there is open competition from the rival firms such as Apple.

The motivation to be a market leader is also evident in the leadership theories that are utilized by the organization. The ideas compliment the

theories that are used by Samsung. First, Expectancy theory is a theory of human resources that explains anticipation of an employee regarding the expected output within the workplace. The theory establishes that there is a relationship between routine duties of an employee outcome of the employees work (Dubrin, 2009, pp. 389). The theory further explains that motivation of an employee towards job satisfaction is pegged on the employees ability to break down the main objective of the work with specific tasks that the employee does on a daily basis as a build up to achievement of the said objective.

Within the workplace, the output of the work determines the quality of the employee. The quality of the employee sums up in the skills and capabilities that the employee possesses. The expectancy theory primary concern is the level of performance of an employee within the workplace. The theory seeks to delve on the intermarriage between rewards that an employee gets from the workplace based on the achievement of the set target within the place of work and achievement of personal career goals.

The main ideas of expectancy theory are hidden in the history context of the theory. There is three main theory that the theory presents, that is, valence, instrumentality and expectancy (Dubrin, 2009, pp. 389). Valence refers to the emotional alignment that individuals regarding expectations that he or she needs to meet. There are three main measures of valence. That is, negative, zero and positive (Dubrin, 2009, pp. 389). When an individual regards the outcome strongly, valence is positive. When the individual is indifferent regarding an outcome, valence is zero, and when an individual has no preference to meet a target outcome, the valance is negative.

Instrumentality in expectancy theory is the belief that meeting one objective is a build up to meeting the second objective. A measure of instrumentality is hidden within two concepts, that is, promotions and performance (Dubrin, 2009, pp. 389). Individual regard to the relationship between promotion and performance determines whether an instrumentality is zero or one. The value of instrumentality becomes one when an individual perceives that there is a relationship between the two factors. When an employee believes that his or her performance within the workplace is the cause of promotion that he or she is likely to receive, then instrumentality has a score of one. Expectancy is the inherent belief that application of the needed effort in the workplace is a principal cause of the achievement of responsibilities and tasks.

## Conclusion

;;; Business philosophy plays an integral part in guiding the day-to-day operations of a given company. Samsung Group has been devoted to improving the world through diverse business strategies and product brands that span around advanced technology. Expectancy theory helps to motivate employees. The theory acts as a substitute of motivation. The theory asserts that motivation is the product of valence, instrumentality, and expectancy. When the value of the product of the three factors is zero, then, their motivation within the workplace is ineffective. That is, valence, instrumentality, and expectancy need to have a value of 1 for motivation to be effective innately in the employees thus enabling the employees to have a positive attitude in rolling out their mandate while at work (Dubrin, 2009, pp. 389).

Meanwhile, the three ideas above emanate from the historical and social context of the expectancy theory. Historically, there need for work and establishment of the efficacy of an employee within a workplace is a growing concern in the human resources profession. Workplaces require different skills from a different individual to meet the set standards within a working environment. With the advent of globalization, there is an increase in industrialization and establishment of various businesses thus creation of more job opportunities.

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