CASE 31

Samsung's Environmental Responsibility: Striking the Right Note for Corporate Survival

Ms. Sushree Das
Amity Research Centers

"When [Samsung's] technologies harmonize, amazing things happen. Advances in components are giving rise to a whole new era of possibility. At Samsung, we are passionate about Mobilizing Possibility. Not just for the privileged few, but possibility for all."[1]
—Dr. Stephen Woo, President of System LSI Business, Device Solutions Division, Samsung Electronics

Samsung Electronics (Samsung) was considered a pioneer in the field of electronics. It was one of the leaders in the global smartphone market because of its innovative products such as the Galaxy S. The Samsung Galaxy S2 was selected as the 'Best Smartphone of the year' in 2012, while the company was conferred with the 'Device Manufacturer of the Year' award at the Mobile World Congress in 2011. In addition, Samsung Electronics received 30 awards for innovation at the Consumer Electronics Show (CES) 2012 and 44 awards at the international iF Design Awards 2012.

In order to fulfill its environmental responsibility, Samsung Electronics introduced the 'Eco-Management 2013' initiative in 2009. As per the initiative, Samsung took up various environmental programs including reduction of greenhouse gas emissions and the development of best quality eco-friendly products. However, reports claimed that Samsung did not follow the guidelines related to environmental norms in many of its production plants. Though Samsung stepped up to compensate for the harm caused to the employees as well as repair the damages caused to the environment, apprehensions still lingered regarding its viability in the long run. The case study would be an attempt to highlight the environmental initiatives taken up by Samsung. It would also analyse the impacts of these initiatives and assess the sustainability of these initiatives.

AMITY RESEARCH CENTERS HEADQUARTERS BANGALORE

This case was written by Sushree Das, Amity Research Centers Headquarters, Bangalore. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The case was compiled from published sources.

CORPORATE ENVIRONMENTAL SUSTAINABILITY: AN INSIGHT

In practice corporate environmental sustainability gained prominence in the business world since the concept of sustainable development grew in popularity during the late 1980s.[2] The mounting pressure for environmental protection forced organisations to implement a number of measures and technologies to minimise and control pollution and improve their ecological effectiveness. Of late researchers and practitioners developed several approaches for achieving corporate environmental sustainability. The approaches included eco-efficiency, triple bottom line, natural step, ecological footprint and carbon footprint, eco-effectiveness, and cradle-to-cradle design.[3] Analysts observed that these frameworks provided guidelines to reduce the ecological damage caused by organisations and offered assessment tools to support decision making by managers.[4] Through corporate sustainability, organisations were expected to generate long-term value for the consumer and the employees by adopting 'green' strategies for environmental protection and by considering the social, cultural, and economic aspects of the company's operations.

From a broader perspective, corporate sustainability described business practices revolving around social and environmental considerations. As per the Brundtland Commission's[5] Report—'Our Common Future', sustainable development was described as, "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."[6] While experts analysed three strategic principles of corporate sustainable development such as transparency, employee development and resource efficiency, they highlighted the triple bottom-line approach as one of the commonly used approaches.[7] According to this approach, business goals were inseparable from the societies and environments in which they operated.[8] Analysts identified a number of organisations which accepted corporate sustainable development as a key strategy. Global companies such as Microsoft Corporation, Intel, Apple Inc, AT&T, and many other leading electronics companies focused on environmental issues in their corporate sustainability programs. (See Exhibit 1).

SAMSUNG'S GREEN INITIATIVES: AN ASSESSMENT

Originating as a small export business in Taegu, Korea, during the 70s, Samsung Electronics (Samsung) went on to become one of the world's pioneering electronics companies.[9] Samsung was a specialist in manufacturing digital appliances and media, semiconductors, memory, and system integration. It had a wide range of businesses that connected speed and creativity and had the efficiency to invent, develop and market the products.[10] Samsung displayed all the qualities expected of a leader. It was a leader in digital technology, had ethical business practices, a wide range of companies and above all displayed global citizenship.[11] The company had a simple philosophy—to make proper utilisation of its talent and technology to create superior quality products and services for the benefit of the society across the globe. Samsung's core values consisted of its people, a passion for excellence, change and innovation, integrity in its operations, and co-prosperity.[12] Samsung's new vision for 2020 read as "Inspire the World, Create the Future", which reflected its commitment to inspire citizens by making efficient use of its strengths namely—new technology, innovative products, and creative solutions and promoting value for the industry, its partners and its employees.[13] To fulfill its vision, Samsung incorporated three strategic approaches in its management: such as creativity, partnership, and talent. Apart from this, Samsung had plans to explore new avenues in health, medicine and biotechnology.[14] As of 2011, while Samsung's total assets amounted to $343.7 billion, the net sales were recorded as $220.1 billion and net income was $21.2 billion.[15] As part of this vision, Samsung aimed to generate revenue of $400 billion and achieve the position among the world's top five brands by 2020.[16]

As a responsible global citizen, Samsung made efforts to generate economic profits and at the same time endeavoured to tackle global issues such as social, economic and environmental issues.[17] The key elements of its sustainability management agenda included the economic, social and environmental aspects of its operations. The organisation laid strong emphasis on shared growth in its business management. As part of its shared growth initiatives, Samsung introduced programmes such as 'Globally