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Samsung's Global Corporate Citizenship

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About Today

- Describe a “lens” through which to view Samsung’s corporate citizenship efforts
- Apply that lens to three programs – Day Care Centers; Dream Class, Volunteering
- Share initial conclusions and observations



Source: samsungvillage.com, blog.samsung.com, samsunglove.co.kr

Scope

- Focus not on corporate social responsibility (CSR) as now generally understood worldwide
- Is on corporate citizenship – community involvement, volunteering & philanthropy – which is one part of CSR



The Lens

Origin of the Lens

- Derived from my research on corporate community involvement:
 - Primarily on development & evolution of corporate volunteering
 - Principles and tools to help companies assess performance, results & impact
 - Role & meaning of community service in personal & professional lives of CEOs of major companies

Core Principles re Corporate Citizenship

- Critical role of CEOs & other top leaders in development and sustenance of these efforts
- Built on mutual benefit rationale
- Range of conceptual models
- Mutually beneficial partnerships with NGOs are critical
- No “best way” to do it

Role of Top Leadership

- Articulate a vision
- Create an environment that values
- Set expectations throughout company
- Set a personal example
- Put needed resources in place
- Pay attention & remain a champion

The Mutual Benefit Rationale

- Good for the community
- Good for the employees
- Good for the company
 - • • •
- Today's challenge: subtle but growing demand to put the company first, usually at the expense of the community

Conceptual Models

MODEL	KEY CONCEPT	CHARACTERISTICS
Business Focused	Adding value to the company	<ul style="list-style-type: none"> • Helping achieve strategic business goals • Building employee leadership and skills • Creating, sustaining and managing corporate culture • Strengthening brand and enhancing reputation
Social Services	Helping those in need	<ul style="list-style-type: none"> • Identifying target audiences (people who are marginalized, poor, disabled, in ill health) • Focusing on delivering services • Aiming at alleviating immediate need • Often expressed as "charity"
Social Development	Changing systems	<ul style="list-style-type: none"> • Identifying target issues or problems • Focusing on building capacity and self-sufficiency • Aiming at changing underlying conditions • Building on existing assets at work on the target issue and/or the assets of the people affected by it
Human Development	Empowering people	<ul style="list-style-type: none"> • Increasing awareness and knowledge of social realities • Aiming at building engaged, active citizens • Fostering personal development through volunteering • Demonstrating how people, individually and collectively, can change communities and society

Partnerships with NGOs

- Have become essential, globally & locally
- Bring expertise & metrics that companies need not invest in achieving
- Moving from philanthropic to transactional to transformational

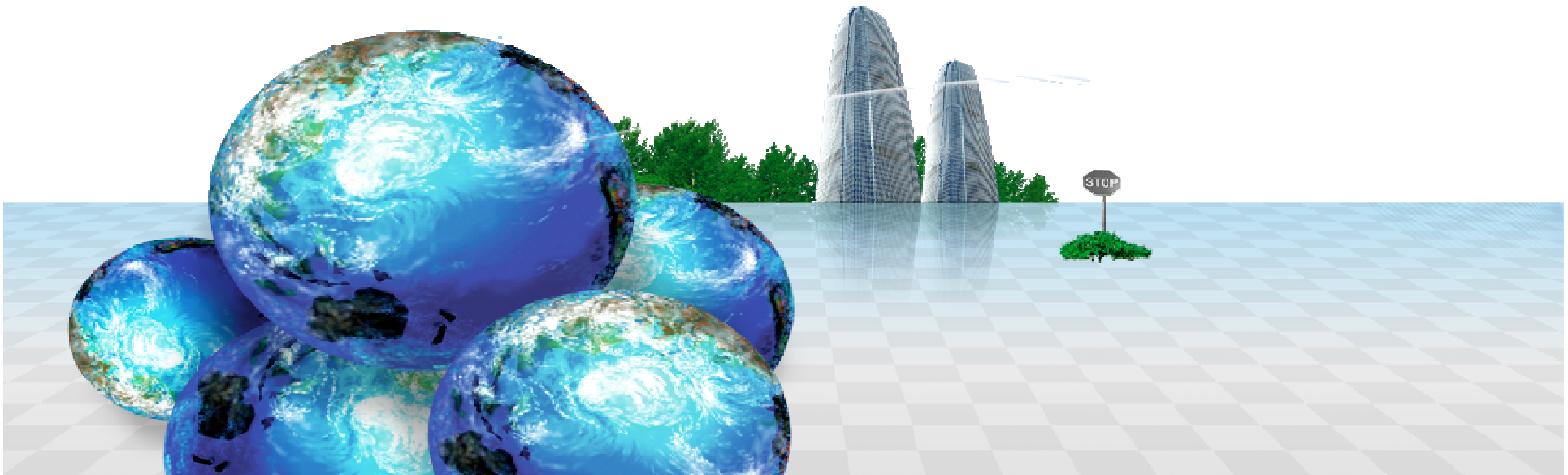
No “Best Way”

- Decisions about the nature and scope of a company's corporate citizenship efforts are highly situational, based on its culture, priorities, resources, the nature of its business & workforce & on-the-ground realities of the communities in which it does business.
- “Inspiring practices” are better than “best practices” which may really be “most popular practices.” Leadership companies learn, assess, adopt & adapt.

Issues for Global Companies re Corporate Citizenship

- Are efforts truly global?
- Overall strategic framework or collection of unrelated tactics?
- Do expectations permeate company?
- Global priorities or local realities? Top down or bottom up?
- Investment in global learning?
- Willing to be a leader?

Corporate Citizenship at Samsung



Chairman Lee Kun-Hee

"Samsung is ready to take on the responsibilities and hardships required of Korea's leading business. To prove our commitment, I promise to further enhance the quality and quantity of our public interest projects and maximize our efforts to give back to society." (1993)



"We must remain faithful to our corporate purpose, starting in our home in Korea and expanding with Samsung's growing worldwide presence. Employees must always think of others around the world and what we must do to be welcomed internationally. This is not only socially important, but necessary for our business because being recognized as a socially conscious company enhances the recognition of our products, services and facilities." (2003)

Assessment of the Chairman's Vision

- Global reach
- Focus on those most in need, particularly children, youth & families
- Recognition of need for central leadership framework + freedom of motion throughout the system
- Recognition of value & impact of employees as volunteers – for themselves as well as community & company
- Consistent focus on relationship of corporate citizenship to image and reputation; desire to be most admired

New Management Initiative and Samsung's CSR

CSR Philosophy in New Management

Pursue active CSR efforts to contribute to the nation's economy and allow Samsung to become a respected company for the public

Key Concepts

1. Contribution to the nation's economic development

- Companies can make the biggest contribution to society when maximizing profits
- Samsung Group should take the initiative in reviving Korea's economy with a sense of mission
- The government, companies and the public should cooperate to support Korea's economic growth

2. Active CSR efforts

- Active social contribution is the responsibility of Samsung, which is a leading company
- Expand efforts to share more of its gains with society
- Realize a new image of a company which pursues coexistence and lives together with society

3. Respected company for the public

- Establish the image of an admired company which fulfills its social responsibility
- Remember Samsung is a company for the public which represents Korea
- Become a global leading company

From Chairman Lee Kun-Hee

"We are not just handing out money. We are helping people establish a base to stand on their own and build a better society"

"The 21st century will be an era of harmony and coexistence where no one can grow alone. The achievements we have made thus far have only been possible because of the support of our customers and communities. Samsung needs to expand its efforts to share more of its gains with society.

"We have to realize a new image of Samsung as a company admired by the public and trusted by the world."

Case #1. Day Care Centers

- Established in 1989; now 60 centers serving 6600+ children
- Priority on low income families
- Professionally staffed – certified teachers, nurses, nutritionists
- “Industry leader, advancing child care standards in Korea”
- External Impact: FKI has built 10 centers per year since 2009

Chairman Lee on Day Care Centers (July 1993)

- “If Samsung is interested only in improving its corporate image, it doesn’t need to build day care centers in slums. But it wants to achieve **multiple goals with one solution**. Day care centers contribute to stabilizing the society, narrowing the gap between the rich and the poor, improving Samsung’s corporate image and selling more houses built by Samsung C&T. Image-making constitutes just a part of Samsung’s Day Care Center Project.”

Case #2. The Dream Class

- Goal: 3,000 university students tutoring and mentoring 15,000 middle school students
- 3 models:
 - School day classes in major cities
 - Weekend classes in small & medium size cities
 - Vacation camps in smaller towns & islands

Looking at the Two Programs

- Focus on children & youth in low income families – “Social Services Model”
- Sense of helping to resolve social inequities & offering opportunities to increase self-sufficiency – “Social Development Model”
- Recognition of value in enhancing corporate image – “Business-Focused Model”
- Innovation and leadership
- Opportunities for global leadership, dissemination & impact – but can it happen?

Case #3. The Big Tent of Corporate Volunteering



High Rate of Participation

- ~90% of employees in Korea
- Is it voluntary volunteering?
- Not reported for the rest of the world

Internal Volunteer Centers

- 100 across the Samsung Group
- 300 employees to plan and manage volunteer efforts
- Makes Samsung unique among global companies in its willingness to invest in a sustained infrastructure

Strengths & Opportunities

- Strength rests in scope, degree of participation (at least in Korea), primary focus on social services & benefit to company, investment in infrastructure
- Opportunity rests in moving to the “cutting edge” – skills based, pro bono, employee development, cross-border, micro and online – and leading the way



Conclusions & Observations

Conclusion #1. Critical Roles of CEOs

- Direct correlation between Chairman Lee's articulated vision and current priorities and activities – global in scope; respectful of each company & local realities; focus on people in need
- Expectation for personal involvement by company CEOs in volunteer activities
- Will it survive a future leadership transition?

Conclusion #2. Conceptual Models

- Firmly grounded in the business-focused and social services models
- **Business-Focused**
 - Clear recognition of benefits to the company; underlying goal to build the company's image
 - Part of creating, sustaining and managing corporate culture
- **Social Services**
 - Focus on delivering services to target audiences
 - Particular priority on low income people, children and youth

Conclusion #3. Emphasis on Image & Reputation

- Consistent with New Management Initiative focus on strengthening brand and enhancing reputation
- Clear policy priority on building Samsung Electronics brand
- Visible global sponsorships and use of cause marketing
- Has the potential to undercut the desired image and reputation
- Could hold the company back from taking on difficult issues, particularly outside Korea, or assuming substantive global leadership roles

Conclusion #4. Willingness to Be a Leader

- **Clearly a leader in Korea**

- First in corporate volunteering; standard setter
- Development of day care centers

- **More tentative leadership globally**

- Internally, outside Korea, lower expectations, less consistent management systems, weaker strategic framework
- Externally, image-driven participation; presence rather than leadership; not yet consistently identified with substance

Conclusion #5. Limits on Volunteering

- Primary investment is in Korea thus limiting global impact internally & externally
- In Korea, dominant focus is in maintaining high level of participation - can stifle attention to and investment in emerging forms of corporate volunteering; inconsistent with company's reputation for innovation
- The field may move on without Samsung's leadership

Conclusion #6. Is it time for assessment & change?

- Anniversaries offer opportunities for reflection, assessment, recommitment and change
- Corporate citizenship overall & volunteering specifically could benefit:
 - Comprehensive independent, external assessment & benchmarking
 - New strategies for global leadership



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