

CORPORATE CULTURE OF SAMSUNG: LESSONS TO LEARN

Анотація. У статті розглянута корпоративна культура компанії Samsung. Корпоративна культура передбачає визначення основних цілей компанії, аналіз її внутрішньої організації та виявлення базових чинників, що є запорукою успіху компанії.

Ключові слова: корпоративна культура, Samsung, культурні комунікації, персонал компанії, місія, внутрішня політика компанії.

Abstract. The article deals with the issue of the corporate culture of Samsung. Corporate culture determines the main objectives of the company, analysis of its internal organization and identifies the basic factors that are key to company's success.

Key words: corporate culture, Samsung, cultural communication, staff, mission, internal policy of the company.

Introduction. Each country has its own customs, traditions and values. Korea is a far eastern country that has become a highly developed state in a short period of time. Samsung is one of the world's leading multinational corporations. However, how to negotiate with Koreans? How to understand the essence of the Samsung's success? To answer these questions, we should be well aware of the cultural features of Koreans (because they are Samsung's employees), and we have to understand the features of company's corporate culture.

Exposition of the basic material. Korea is one of the most homogeneous countries in the world, racially and linguistically. It has its own culture, language, dress and cuisine, separate and distinct from its neighboring countries. Hard work, filial piety and modesty are characteristics esteemed by Koreans. Building trust and relationships is vital to establishing a successful business relationship. This requires patience. Koreans prefer to do business with people they know [1].

Negotiations are long and require several trips. Koreans generally start negotiations at an unreasonable position and prepare to compromise. They are tough negotiators and admire a firm, but refrain from being too aggressive.

A low, deep bow from Koreans at the end of a meeting indicates a successful meeting. A quick, short parting bow could mean dissatisfaction with meetings.

According to Geert Hofstede's analysis of the South Korea, this country has the following characteristics [2]:

- Power Distance (60): South Korea is a slightly hierarchical society. Hierarchy in an organization is seen as reflecting inherent inequalities.
- Individualism (18): South Korea has a collectivistic society, which fosters strong relationships where everyone takes responsibility for members of the group.
- Masculinity (39): South Korea has a Feminine society, managers strive for consensus, people value equality, solidarity and quality in their working lives.
- Uncertainty Avoidance (85): South Korea is one of the most uncertainty avoiding

countries in the world. In this culture, time is money and people always are busy and work hard, precision and punctuality are the norm.

- Long Term Orientation (100): South Korea has one of the most pragmatic, long-term oriented societies. They all serve the durability of the companies.

- Indulgence (29): South Korean society is shown to be one of restrained societies, so they do not put much emphasis on leisure time and control the gratification of their desires.

Samsung is one of the world's leading multinational corporations. Samsung is a South Korean multinational conglomerate, headquartered in Samsung Town, Seoul. It comprises numerous affiliated businesses, most of them united under the *Samsung* brand, and is the largest South Korean *chaebol* (family-controlled business conglomerate).

Samsung was founded by Lee Byung-chul in 1938 as a trading company. Over the next three decades, the group diversified into areas including food processing, textiles, insurance, securities, retail, electronics industry, construction, and shipbuilding industries. Since 1990, Samsung has increasingly globalized its activities and electronics; its mobile phones and semiconductors have become its most important source of income.

Samsung has a powerful influence on South Korea's economic development, politics, media and culture. Its affiliate companies produce around a 5th of South Korea's total exports. Samsung's revenue was equal to 17% of South Korea's \$1,082 billion GDP [3].

The success of Samsung directly depends on many factors, among them — the efficient work of the company's staff. Only when employees are interested in the success of the company (when they are stakeholders) — then the company will prosper. Only a properly coordinated work at the company will help employees to demonstrate their skills, abilities and intelligence correctly. But, as in every company, Samsung's corporate culture has its own secrets.

Basing Samsung Group, Lee Byung Chull formulated the three missions of the company:

- 1) to contribute to the economic development of the nation;
- 2) to act based on considerations of economic expediency;
- 3) to respect the human resources.

All of these missions are fully reflect the hard economic situation in Korea in the early years of the 20th century, when the country had not well-developed social infrastructure and the labor force was not enough.

Samsung's corporate culture focuses on the integration and efficiency thanks to the talented personnel. In order to reduce costs because of trials or errors, and take advantage of the experience and knowledge of employees, Samsung has always tried to hire only the most qualified employees. Since its inception, it has accumulated «know-how» in the field of improving the efficiency and learned to systematize this knowledge quickly and distribute them throughout the organization [4].

Moreover, Samsung has a clear orientation on work execution. For example, this company has built its first plant for the production of semiconductors in just 6 months, although the standard for the industry is considered to be 2.

Another interesting example: one day Samsung employees were transported to a new workshop of semiconductors, and it turned out that the fragile production machines during the transportation along the old road could be affected. As directed by the leadership, the new road was built a couple of hours and to dry the masonry more quickly — they used a fan.

Another important component of the corporate culture of Samsung is the loyalty with an emphasis on fairness and diligence. The honesty and corporate ethics are very important, but the bribery and the pursuit of personal gain are prohibited.

Samsung actively implemented training programs about ethical principles for new and old employees. Furthermore, Samsung developed a special system to prevent any unethical actions and behavior of staff: delinquent people have to wait for severe punishment.

Unfortunately, we have a bad fresh example on it. On 17 February 2017, Samsung Group chief Lee Jae-yong was arrested for bribery, embezzlement, hiding assets overseas and perjury [5]. This case shows the effectiveness of Korean security&control system, but on the other hand, this is an instructive case for other Samsung's employees.

Another feature of Samsung's corporate culture is fidelity of employees: they are like bees, often sacrifice their personal interests for the sake of the prosperity of the hive.

One day the Fair Trade Commission has launched an investigation in order to identify illegal internal operations in Samsung. One worker formatted the hard disk of his office computer, even though he knew that for this he is waiting for severe punishment.

In addition, Samsung's employees are extremely disciplined and always try to perform some tasks, even they are difficult for them. Employees of Samsung work under enormous stress. Managers of Samsung terribly afraid of any financial, accounting and auditing control.

Nevertheless, Samsung decided to change its inner policy because of increasing competition. Samsung plans to abolish its long-term rigid corporate structure by adopting a corporate culture akin to a startup. Company's executives signed a pledge that fosters open dialogue [6]. Samsung will also reduce the number of levels in its staff hierarchy and hold more frequent online discussions between business division heads and employees.

The company want to cut its internal ranking system from the current seven levels to four. All employees will be allowed to call each other, if necessary, to improve communications. It also includes more discussions/meetings online for reducing unnecessary meetings [7].

Flexible working hours, no dress code requirements for weekend work and less pressure on employees to attend after-work drinking sessions. It will also reduce unnecessary overtime and weekend work and push employees to spend time with their families or for studying.

A new reform includes the change of a military-style working culture on a system of foster innovation. But the top-down hierarchy system has long functioned as a key integral part of Confucian-oriented Korean corporate culture, some current and former employees (it's about 300.000 people) say that the eradication of the hierarchy system will not be easy.

Conclusion. Samsung's corporate culture is built on the hardworking and severity of the Korean people. Until recently, the company controlled every movement of its employees in the workplace, but now, when sales are falling and the world requires innovation — Samsung executives revised the policy of the company and decided to make it easier.

Undoubtedly, Samsung employees are working at full capacity; the productivity of Korean is one of the highest in the world. But these workers, in addition to high wages, also need to have enough physical and moral rest.

What can be useful to take from Korean example for the Ukrainian companies? To my mind it is hardworking and organized nature. We are very domestic people and we prefer a quiet working environment — but because of this our productivity suffers. The Ukrainian companies are often faced with the problem of the division of powers, so the strict hierarchy in the organization will help to overcome it.

References

1. Background information on Samsung [Электронный ресурс] — Режим доступа: <https://en.wikipedia.org/wiki/Samsung>.
2. Geert Hofstede. South Korean culture [Электронный ресурс] / Geert Hofstede — Режим доступа: <https://geert-hofstede.com/south-korea.html>.
3. Hyunjoo Jin and Joyce Lee. Samsung Chief Lee arrested as South Korean corruption probe deepens [Электронный ресурс] / Hyunjoo Jin and Joyce Lee // News agency *Reuters*. — Режим доступа: <http://www.reuters.com/article/us-southkorea-politics-samsung-group-idUSKBN15V2RD>.
4. Kim Yoo-chul. Samsung to abolish rigid corporate culture [Электронный ресурс] / Kim Yoo-chul // South Korea's daily newspaper *The Korea times*. — Режим доступа: http://www.koreatimes.co.kr/www/news/tech/2016/09/133_207977.html
5. Mary Murray Bosrock. Business etiquette of the South Korea [Электронный ресурс] / Mary Murray Bosrock — Режим доступа: http://www.ediplomat.com/np/cultural_etiquette/ce_kr.htm.
6. Roman Yamkovoy. Корпоративная культура Samsung [Электронный ресурс] / Roman Yamkovoy. — 1007. — Режим доступа: <http://company-organization.blogspot.com/2012/07/samsung-electronics.html>.
7. Se Young Lee. World's biggest startup? Samsung Electronics to reform corporate culture [Электронный ресурс] / Se Young Lee // News agency *Reuters*. — Режим доступа: <http://www.reuters.com/article/us-samsung-elec-culture-idUSKCN0WQ0CP>