

Samsung Austin Semiconductors: Its Adaptation, Survival and Growth*

Jeonpyo Noh**

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Samsung Electronics has 25 production bases, 36 marketing subsidiaries and 23 overseas offices in 46 countries around the world. Samsung Electronics global strategy involves seven main regions: North America, Europe, Southeast Asia, Central Asia, China, the CIS and Latin America. Samsung Electronics is dedicated to helping the local communities where it does business, helping to advance local economies and develop products that best suit local needs.

This case attempts to introduce the localization strategies of Samsung Austin Semiconductors especially with respect to the community service programs. Samsung Austin Semiconductors develops a framework for a firm to adapt in a foreign environment creating corporate citizenship. This model surely helps the firm to adapt, survive and grow even in a hostile foreign environment.
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I. Introduction

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where it does business, helping to advance local economies and develop products that best suit local needs.

Based on the philosophy of "living together", Samsung Electronics, as a global company, is working with overseas partners to contribute to local communities and to build a better global society.

Samsung Electronics is emerging as a global enterprise through joint R&D projects with leading overseas companies,

* This work was supported by Center for International Studies Grant, Yonsei University.

** Professor of Business Administration, Yonsei University, Wonju Korea.

along with technology transfer arrangements and joint investments. Based on open management and the desire to bring the world together as one, Samsung Electronics, along with overseas companies which are leading the electronics business in the world, wants to make products that help people have richer more abundant lives.

II. Birth of Samsung Austin Semiconductors(SAS)

SAS officially broke ground for its US\$ 1.3 billion semiconductor manufacturing facility amidst hoopla from cheerleaders, bands and a Texas-style rodeo. The ground-breaking in Austin was the first of back-to-back events planned by Samsung in North America. Samsung executives travelled to Tijuana, Mexico later to celebrate the opening of a US\$ 213 million manufacturing complex.

American, Korean, Texan and Samsung flags flew high above the heads of 26 equestrians riding matching palominos as guests watched the beginning of the ground-breaking ceremonies. Samsung chose the theme a Good corporate Citizena for the dayas events and demonstrated their intent by inviting more than 800 Texas dignitaries and neighbors

including a nearby retirement home, Buckner Baptist Villas.

SAS will be a major contributor to the community and a good friend to our neighbors, said Vice Chairman K.H. Kim as part of his greeting to dignitaries and guests. He added that our managers would listen carefully to the concern of our neighbors and do our best to respond to these issues. State Senator Gonzalo Barrientos welcomed Samsung to Austin, saying that on behalf of Texas we are pleased that Samsung will now call Austin home. We look forward to many years serving as your partner.

Attendees also heard more details of SAS from Sung Lee, President of SAS and its newly selected design firm, Lockwood Green of Seattle, Wash. Lockwood Greene works with the Austin-based architectural firm of Graeber, Simmons & Cowan. Samsung selects a construction firm shortly who will work in cooperation with SAS own construction group.

Samsung Electronics chose Austin, Texas over Portland, Oregon for the following reasons: a good work force, the prestigious university nearby, lower operating costs, the number of support companies, and most importantly, a friendly business environment.

The factory now produces 64 and 128

Megabits Dynamic Access Memory (DRAM), most commonly used in personal computers, and features a 125,000 square-foot Class 1 clean room with 0.3 micron advanced CMOS memory designs, processes, and equipment.

SAS is committed to delivering the best products and services and exceeding customers' expectations, based on an effective quality system. As a result of this commitment to quality, SAS achieved ISO 9002 certification in November 1999.

III. Community Services of Samsung Electronics

Samsung Electronics places its priority on respecting people and promoting mutual prosperity. Since 1995, Samsung Electronics has been involved in projects for the physically handicapped, environmental preservation and promotion of the information age.

Every year, Samsung Electronics holds a community service festival and encourages volunteerism among employees. The company also has organizations for feeding needy children, scholarships for children of handicapped and needy families. Over 10,000 employees volunteer to take part in projects related to social welfare, the environment, education and

rescues in the case of accidents or natural disasters.

Samsung Electronics also sponsors the "Creativity Olympiad" for school children, supports the "Science Research Olympics" for students and carries out cleanup drives for local mountains, rivers and parks.

1. *Striving for Harmony of People*

Sports provide the opportunity for races to come together as one. Samsung Electronics, which has supported all sorts of national sporting events, was selected as an official Olympic Partner in the Wireless Communication Equipment category. Samsung joined the ranks with other of the world's best companies participating in the Olympics.

Peace and harmony is what Samsung's management philosophy is all about. In 1998, during the 13th Bangkok Asian Games, Samsung Electronics participated as an official partner for audio, video and home appliances. Samsung strived for harmony with 3 billion Asians through this sporting event. At the 2000 Sydney Olympics, Samsung Electronics will share all the epic moments with the people of the world as an official partner for wireless communication.

Samsung Electronics has supported all

types of international tournaments including the Samsung Nations' Cup - an equestrian event and Crufts - an international dog show competition. Samsung Electronics carries out diplomacy through sports with the Samsung Running Festival, which is held every year in central European nations including Hungary and Romania and in Asian nations including China, Vietnam and India.

2. Environmental Management

Based on respect for life, Samsung's environmental management philosophy provides for maintaining the earth's environment through enterprising activities that respect people and nature. Samsung genuinely cares and is making many efforts for environmental preservation, safety and health. By doing this, Samsung is responding to its social obligations such as securing morality and protecting nature for the customer and society.

Samsung Electronics has established and is operating complete environmental pollution protection facilities to prevent pollution when manufacturing products. Samsung is developing environmentally friendly products, which harmonize convenience for people with the need to

maintain the environment. Our computerized, automated recycling system determines which materials are recyclable and which are not and new techniques have been introduced to determine a products affect on the environment. Samsung Electronics is doing its best to care for the world's environment through these types of activities.

Samsung Electronics was awarded the "National Magnolia Medal" during world environment day and received first place for environmental management. Samsung Electronics was the first company in Korea to inform the public of its operations, which have an impact on the environment including wastes, amount of toxics used, rate of investment into environmental facilities, number of environmental disasters and other areas. Samsung Electronics is highly recognized, as a transparent company due to its environmental management.

By supporting the "Bird Protection Association" and holding the "Green Children's' Singing Contest" along with other environmental events, Samsung Electronics is enlightening people and making them think more about the environment. We can easily recognize Samsung's willingness to help maintain the environment through international environmental certifications including ISO

14001 (the first company in Korea to acquire this certification) and the world environment mark for its monitor products.

IV. Adaptation Strategies of SAS

Adaptation is a key concept in international business and willingness to adapt is a crucial attitude. SAS is a good example to show ability to integrate the company into a different environment. Here are some examples. SAS management team realized to succeed it had to create a hybrid corporate culture blending the best of Korea and Texas. Some Korean managers heading for the U.S. got a six-week course in Texas culture—complete with a visit to the Broken Spoke honky tonk. Meanwhile their American counterparts visited company headquarters in Korea and spent three weeks where "everything says Samsung." Now, Austin employees can choose courses in Korean customs and languages. Even the cafeteria menu offers selections to satisfy both Asian and American appetites. The following describes six community service programs which help SAS to adapt, survive and grow in a quite different business environment.

1. Corporate Giving Program

Sung Lee, President of SAS, emphasizes that as one of Austin's corporate citizens, SAS has an obligation and sincere commitment to contribute to the community through corporate giving and volunteerism. The company focuses on enriching the social and economic prosperity of the communities in which it operates. The company shows strong concerns about particularly the neighborhoods surrounding the plant, and supporting endeavors directly related to the high tech industry, and the interests that it serves. The president argues that SAS is not just a part of Austin Austin is an integral part of SAS.

2. Volunteering Program

SAS's community service isn't just limited to monetary grants and donations. SAS also gives by volunteering their time and energy to causes that are important to the employees such as Habitat for Humanity, Big Brothers/Big Sisters of Austin, and the Walnut Hills Convalescent Center.

In 1996, SAS adopted Walnut Hills Convalescent Center. Hundreds of volunteer hours have been spent at Walnut Hills on various projects such as a garden planting and the installation of

an aquarium. The most popular activity is the monthly birthday celebrations. Several of the employees go out to Walnut Hills each month to visit with the residents and celebrate the residents' birthdays for that particular month.

SAS has also adopted two AISD schools. Several of the employees volunteer their time to serve as mentors and tutors to the students at Graham Elementary and Dobie Middle School.

The Volunteer Program at SAS is one that serves its community well. SAS volunteers are sincere in their efforts to lend a helping hand to those organizations or individuals in need.

3. Community Service Program

SAS takes pride themselves in contributing to the wellness of their employees and neighbors. They play a role in this very important element of life by contributing to such programs and organizations as Marywood Children and Family Services' African-American Adoption program, People's Community Clinic which provides low-cost health care to the Austin community, the ARC of Capital Texas' pilot parenting program, CASA of Travis County who provides advocates for abused and neglected children in the custody of the state, and

Manos de Cristo's dental care program for low-income people.

One of the biggest commitment by far has been SAS's involvement with the Rosedale Foundation whose objective is to raise money for Rosedale School. Rosedale School, part of the Austin Independent School District, serves students with multiple mental and physical disabilities. For the second year in a row, SAS is hosting the Rosedale Ride, a bike ride with over 1,000 participants that launches from SAS's facility in northeast. This is the largest fundraising event for The Rosedale Foundation

SAS selected support project for revival & self-support of the visually disabled, as its representative welfare service. Especially, SAS did free eyesight recovery operations for 20 poor sightless persons every month with Siloam ophthalmic hospital, totaling more than 1000 persons through 1998. On the other hand, SAS donated a mobile operation bus to Siloam ophthalmic hospital for poor blind persons living in rural towns and islands, who have difficulty receiving medical treatment and operations. This bus, called "Mobile Siloam Ophthalmic hospital", the first world mobile hospital equipped with all the necessary operating appliances and advanced medical

instruments, does medical treatment

SAS established "Samsung Guide Dog program" for the 1st time in the world as an enterprise, and trained seeing-eye dogs to donate them to the visually disabled free of charge. This seeing-eye dog project, as a crystal of social welfare services for the visually disabled, speaks for the standard of welfare for the handicapped of one country and helps the disabled to participate actively to the society independently.

Since 1995, SAS gave autistic children who lack activity, a chance to build up their health, through swimming classes once a week. This swimming class, starting from volunteer services by swim lovers' employees, is good for a social adaptation program of autistic children. Employee-volunteers try to do mental conditioning rather than teach them how to swim in order to help those autistic children to be unafraid of water.

SAS strongly believes that the education of children is the backbone of their society. That's why SAS invest a large percentage of their efforts into educational initiatives that benefit the communities around SAS. An illustration of commitment to educational initiatives is their involvement with John Connally High School to create an outdoor learning center. Wells Branch Creek, which runs

along the west side of the campus, had been a security problem for school administrators. Students were using the Creek and the overgrown area along its banks as a hiding place to engage in illegal activities. School administrators saw this as an opportunity to not only clean the area for safety reasons but also to design and develop the area into an outdoor learning environment that could be enjoyed by all students and members of the community.

With two education grants from SAS, Connally High School has cleaned up the area around Wells Branch Creek and has developed a nature trail that will outline the Outdoor Learning Center. Plans are currently underway to develop a butterfly garden, a xeriscape garden, a wildflower meadow, a Texas natural grasses meadow and an outdoor amphitheatre.

In November, SAS evaluated grant applications from a variety of organization and awarded first quarter 1999 grants in the areas of education and health and human services. One of the grant recipients is the recently founded 'SmartGrrls', a non-profit educational organization dedicated to encouraging girls in math, science, and engineering through hands-on activities and role models. SAS grant will allow SmartGrrls to provide educational outreach

opportunities and develop targeted curriculum materials for adolescent girls at Dobie middle school.

4. Career Development Program

SAS wants to offer their employee more than a job. SAS want to offer them the chance to develop a career. Working in one of the largest memory chip plants in North America is both exciting and challenging, and SAS look for employees who are energetic, flexible, and team-oriented.

"Are you willing to go the extra mile? Are you interested in great benefits? Are you excited about working in a leading-edge facility? Are you interested in a career where you will be an integral part of the company?"(This is their motto what SAS wants to be their employee.) If the answer to these questions is "yes," then SAS is the company for them.

In 1999, early June, groups of college graduates arrive to become the CORP class for that year. College Orientation Program or CORP provides an exceptional experience for new graduates. CORP engineers spend the summer after-hire in intensive training that includes: -General semiconductor process classes with text-Engineering department fab tours and presentations of the SAS DRAM process

-protocol and safety training-Korean culture and language classes

This program is developed specifically to give new engineers the opportunity to transition from an academic to a professional setting. CORP engineers unfamiliar with the semiconductor industry learn about departments and job specifics. Career counseling and professional development are an integral part of the CORP. CORP engineers form lasting friendships. The group's transition to a new job, town and career is easier because it is shared and supported.

5. Internship Program

SAS is committed to offering challenging and meaningful work assignments for students. SAS believe that these opportunities are keys to success, and SAS are excited to initiate their very first Internship Program summer 2000. SAS are looking for 5 outstanding students who have a strong desire to learn more about the semiconductor industry, and who like the idea of being first on the scene. Those who join SAS will have the unique opportunity to help shape the future of this program. They are looking for people who aren't afraid to give feedback and take a proactive role in defining their

learning objectives.

SAS Intern 2000 Program will be limited to Austin residents at this time. As SAS program develops, They will expand their scope.

6. Environmentally Friendly Program

On November 16, 1998, SAS celebrated Texas Recycles day with a lunch time event featuring special guests, trivia contests, and exhibits about recycling. The main goal of the event was to promote general recycling awareness and introduce a revised internal desk-side recycling program. Texas recycles day is sponsored by the Texas Natural resource conservation commission, and the theme for 1998 was "Buy Texas recycled, you're really recycling". The SAS event was headlined by a speech from commissioner John Baker of the TNRCC, who commended SAS' current recycling efforts and encouraged more active participation by employees both at work and at home. Other speakers included Robert Cox from the Texas general Land Office, and Helen Lowman, with the TNRCC'S Clean Texas 2000 program, also made an appearance. In addition to these guests, representatives from Balcones Recycling, Central Texas Recycling association, keep

austin Beautiful, recycling coalition of texas, General land office, city of austin, and an independent artist who uses recycled materials to make art were present with booths and information about recycling.

The big event was the Recycling Trivia contest that allowed employees to demonstrate their recycling knowledge and win prize. Prizes included "recycled "recycled prized" such as t-shirts, koozies, luggage tags, and mugs from previous SAS events as well as gift certificates from places that promote recycling such as Home depot, whole foods, East side cafe, bicycle sports shop, and wildflower salon. overall the Texas Recycles day event provided an opportunity for SAS to promote the revised desk-side recycling program.

SAS is committed to preserving the environment and the resources around us while still producing the latest in memory chips. At SAS, environmental government laws and regulations are continuously met or exceeded. Environmentally conscious organizations such as Save Our Springs, TreeFolks, and Keep Austin Beautiful count on SAS for support.

In addition, SAS has recently embarked on a project to transform the land surrounding the plant into a certified wildlife habitat. The project, which will

span over two years, involves restoring the habitat by planting native plants and grasses that provide food and shelter for wildlife, creating a water supply for wildlife through ponds, and planting wildflower meadows that not only add natural beauty to the facility but also provide food for wildlife. Once complete, SAS will be the first company in Austin to be certified as a corporate wildlife habitat by the Wildlife Habitat Council.

V. Practical Implications

This case attempts to introduce the localization strategies of SAS especially with respect to the community service programs. SAS has committed to act ethically, protect environment, and contribute to the community. Also, SAS has created the environment for real teamwork of collaboration and cooperation. SAS focuses on how U.S. employees respond to Korean culture and are learning about it. SAS is known to assure that employees be guaranteed respect, fair treatment, rewards for competence, and opportunities for personal growth in a supportive environment. SAS develops a framework for a firm to adapt in a foreign environment creating corporate citizenship. This model surely

helps the firm to adapt, survive and grow even in a hostile foreign environment.

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