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## Transition of Corporate Designers' Perception for Social Impact Management

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### Abstract

*This is an era in which companies should realize sustainable management through business models that propose social values beyond financial benefits and solve social problems. Accordingly, the role of corporate designers should be extended to social value propositions and materializations, including corporate profit-seeking. Among the members and organizations of the company, design organization and designers have strengths in terms of humanities and creativity compared to other organizations and members. We should actively seek opportunities for corporate designers to find the context of connecting businesses and society on their own, actively seek opportunities to integrate them with corporate design, expand the role of corporate designers through creative ideas, and actively pursue sustainable and wide social career development that encompasses both inside and outside of the company. To this end, we suggested three transitions of thoughts to change the perception of fixed and straight-line forms of enterprise organization, enterprise design approach and product development process so far to present useful insights through case studies, how enterprise designers can accommodate social impact through new communication and access.*

**Keywords:** Social Design, Social Impact Management, Social Design Process, Social Design Approach, CSV

## 1. INTRODUCTION

Creating Shared Value (CSV), which is a management strategy presented by Professor Michael Porter from Harvard Business School in 2010, is a management strategy that requires companies to regard social issues that they have turned away as opportunities to create new values in order to survive and develop new values and markets sustainably [1]. Since then, leading global companies have been discussing specific social impact as a key achievement of business, and have been interested in Corporate Social Innovation and social intrapreneurship. Global large corporations are also interested in 'social impact,' 'social innovation,' and 'social entrepreneurship,' which were the main keywords of relatively small social ventures and a few social innovation organizations in the past [2].

In the midst of this change in management paradigm, the role of 'designers' should be expanded to society's sustainable value propositions and materializations, including profit-seeking of companies and individuals, and the concept of job of 'design' should be newly recognized for this.

Sharing social and financial values is important for designers within the company to establish values appropriate for them, and to materialize and realize design elements, design processes, and design philosophy accordingly. 'Designers inside the company' can be said to be the best right persons who reflect this design expression on the services and products produced by the company and lead it to social values. Designers belonging to a company can propose and visualize the shared value of businesses and society by wisely

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connecting the two areas through insights into social problems and professional understanding of the company's productive capabilities based on humanistic refinement. To this end, specific insights are needed for new perception for existing corporate design approach and process, and shift of perspective.

## **2. RESEARCH METHOD**

### **2.1 Understanding of CSV Management Strategy**

Designers are first required to understand the 'philosophy of economy' that can encompass 'enterprises' and 'society' in addition to existing design creativity. The overall society circulates in line with the economic situation, and companies serve as the economically largest axis in this society based on the productivity of products and services. When designers want to play a role in thinking, suggesting and visualizing specific values so that companies and society can share values, it is important to find a design method based on the philosophy of economy that the companies and society should share.

CSV provides the understanding and method for the connection between the company and society, and corporate designers are in a position directly affected by the management environment, so we will examine the overall CSV management strategy and the domain of the CSV management strategy that designers should keep in mind, in particular.

### **2.2 Investigation of Corporate and Design Cases**

Then, we analyzed the 'examples of companies' in the manufacturing sector that represent social value as a management strategy and actually reflect it in management. This is because the main object of this study is industrial designers of manufacturing companies. Through this, we assumed the direction that the philosophy of economy and management strategy of Korean manufacturing companies should pursue from designers' perspective, and wanted to extract insights into the practical role of design therein.

We also investigated the past and present cases of designers who tried to solve social problems essentially and practically. We wanted to discover the mind-set and insights that designers need to transform to embrace in-house and external perspectives and to integrate productivity inside the company and social values.

### **2.3 Derivation of Insight**

Through the examples of companies and designers, this researcher wanted to derive relevant insights through a qualitative approach. We have derived how companies approach social values from a management perspective and how designers approach social values, and summarized keywords that combine the two. These keywords indicate in which direction we should change the existing fixed and straight-line design communication and access within the company.

### **2.4 Research Evaluation**

In this study, we organized an expert panel and checked keywords through Delphi technique. For the keywords of new insights into and approach to combination of the social values of corporate designers, we selected professional experienced persons in the field of social enterprise and social impact management and qualitatively evaluated the usefulness through interviews. To this end, the following conditions were considered for the experts selected in this study:

- A present in-house researcher with a high level of professional knowledge and a related degree (PhD) as a researcher in the field of social economy/management
- A present social enterprise manager who has continued experience in social enterprise management and practice for more than 5 years and created significant results
- An incumbent related business manager who has been discovered education and business models of social values for more than 5 years while encompassing academia and industry
- A professional with rational and objective thinking and balanced consciousness

### 3. SURVEY AND ANALYSIS

#### 3.1 CSV Management Paradigm

CSV is a concept that both sides build a long-term and productive win-win relationship by discovering shared value that society and companies can pursue together. Rather than just pursuing 'economic value' that companies have been pursuing and 'environmental value' considering material resource efficiency with regard to sustainability, a paradigm that makes win-win of companies and society a corporate vision has been formed by discovering 'social value' on their own now.



**Figure 1. CSV; coexistence of social value and financial value (Impact Business Review, 2011)**

'Creating Shared Value' is an ideal corporate strategy that should to be understood and developed as a strategy of sustainable management, beyond a value that a company pursues only economic value by integrating social and environmental values with a product or service strategy related to a company's profit-seeking. Recently, companies in various fields have been pursuing product planning and marketing strategies that reflect social needs, and these trends have been more emphasized and generalized as the success cases expand. The approaches to CSV can be divided into three major domains as follows:

- Reconceiving products and markets
- Redefining productivity In the value chain
- Enabling Local Cluster Development [3]

This study focuses on the first domain, 'Reconceiving products and markets' among them. This is because it is in line with the existing 'design innovation process' which looks at problems from a differentiated perspective through Design Thinking, redefines the problems in essence and presents creative and insightful solutions. Since the product/service concept presented by designers not only aims for social value, but also aims to create a certain profit of a company, the essential reinterpretation and resolution of social problems should aim for a concrete process of product and service realization beyond the idea-making stage.

#### 3.2 Corporate Social Impact

Next, we selected and investigated three companies, TOMS Shoes, Tesla, and Warby Parker, as representative social impact management cases. Started with a One for One donation model and developed into a global lifestyle brand, TOMS Shoes officially announced B Corporation certification in January 2019. B-corp (B Corporation) is a certification mark awarded by a US non-profit organization 'B-LAB' to companies that fulfill their social responsibilities. Started in 2007, the B-corp certification is granted by answering 180 questions in five areas, including governance, linking with employees, customers, communities, and environment, and earning 80 points (out of 200) through the steps of online survey, telephone interview, etc. TOMS Shoes has been able to collaborate with broader consumer groups on important social issues through its collaboration with more than 2,700 B-corp communities across 150 industries in 60 countries and has expanded its product line to apparel, bags, and glasses [4]. As of 2020, TOMS Shoes is in a position to deal with management difficulties as the backing of new product development weakens. This is also a lesson that the company's 'social status' can be also sustained only when continuous research and development of products and services should be successfully accomplished with social respect. However, what B-corp certification means that with the social recognition of the company, opportunities for cooperation with other brands and other fields increase, which can lead to 'significant' expansion of the business platform.



Figure 2. B-corp certified TOMS (<https://finfeed.com>, Jan. 2019)

On January 31, 2019, Tesla Motors CEO Elon Musk announced that they released all the patents of electric vehicle manufacturer Tesla in an effort to cope with climate change. Tesla Motors CEO directly promised in his blog,

“We would not file a patent lawsuit in good faith against anyone who wants to use our technology.” This announcement is much more remarkable in the industry that very carefully protects the economic value no matter how small the invention. Saying that Tesla Motors was created to accelerate the emergence of sustainable transportation, he added,

“It is impossible for Tesla Motors to produce electric vehicles fast enough to solve the carbon crisis in the situation where automobile production reaches 100 million units a year. We believe that if applying the open-source philosophy to patents, Tesla's position will be stronger rather than being reduced. The ability to attract skilled technicians will also be strengthened [5].”

It is a remarkable example of how a company practices its philosophy to realize social value.



Figure 3. The Practice of the Social Impact of Tesla Motors (<https://news.abs-cbn.com>, Feb. 2019)

Warby Parker is an online eyewear sales company in the United States. Dave Gilboa, CEO of Warby Parker, said in a CNN interview,

“The best business comes not from 'how much profit can you get from customers,' but how much more value can you deliver to them?”

It was also selected as the No. 1 innovative company in the United States in 2015. In order to solve the anxiety and dissatisfaction of customers who must decide to purchase glasses through the screen, Warby Parker planned an innovative distribution process called 'Home-Try-On', which allows customers to use 5 glasses for 5 days before purchase. Through the insight that the online distribution method has excluded the user's position, it has revolutionized the on-offline platform that proposes a new 'lifestyle' related to the purchase of glasses. Warby Parker collaborated with 'Visionspring', a social enterprise that donates eyeglasses to underdeveloped countries in order to practice the social value of 'homogenization of sales and donation', which is its management philosophy [6].

Visionspring is a social enterprise that donates glasses mainly to underdeveloped countries and trains low-income women as eyewear experts, while Warby Parker is a social innovation manufacturer that sells glasses based on the United States. By dividing the roles around the base regions of each company, manufacturing, sales, donation, education, etc. are linked to form meaningful 'production relations' among the base regions.



Figure 4. Warby Parker's Social Impact Management (<https://visionspring.org>)

### 3.3 Designers' Social Impact

Then, we investigated cases in which designers redefined and gained an insight into social problems and successfully presented sustainable solutions.

Designers have humanities and creativity to fundamentally identify problems through design thinking and provide insightful solutions, and the great ability to present inclusive and essential alternatives suitable for management strategies in this social context. To understand the nature of the problem, they approach it based on the belief that they can find sustainable alternatives by observing people and empathizing in the field. We examined this through early and current examples of social design.

Victor Papanek, the most representative designer who provided the motif of social approach through design, is a social designer who worked in the United Nations and UNESCO in the 60s and 70s. In 1962, he was thinking about ways to help people in developing countries with high illiteracy rate get educational effects by accessing information from the outside world. For the poor in Indonesia and India, where there was no electric power in most environments, Victor Papanek devised a radio that can be made with a small amount of 9 cents using cow feces and empty cans, and it has affected the lives of the poor in these regions for many years. This radio, which does not require a separate power supply, was actually used for the poor who engage mainly in agriculture [7].

As can be seen from the title of his book 'Design for the Real World', it is an example that reflects the sociality and indigenouness of design, the social, cultural and ethical consciousness of designers that are consistent with the environment and reality of the community and do not seek only profit.

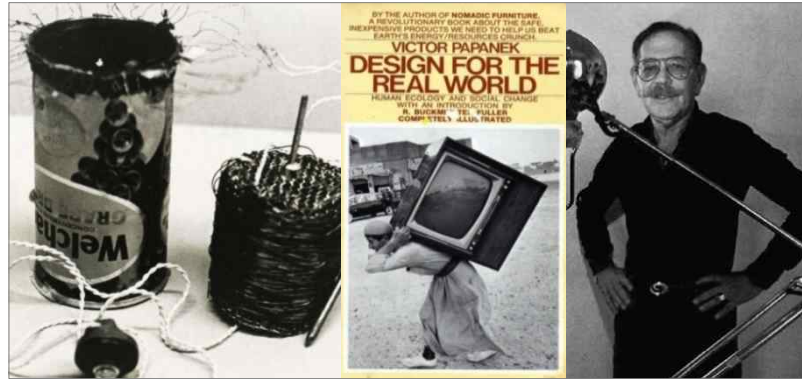


Figure 5. Victor Papanek and Can Radio (<https://www.disegnodaily.com>, Jun. 2013)

In modern times, design solution propositions for social problems have increased, and Italian architect Arturo Vittori conducted an experiment to find a sustainable solution to solve the water shortage problem in Ethiopia in 2012. Unlike the existing groundwater development, there is no need for financial and technical maintenance and energy supply, and the design of so-called Warka Water, which can be realized only with locally available materials and technologies, was presented. Made by weaving the stems of plants such as bamboo to make a frame, and connecting nets made of nylon so that dew can be easily formed, Warka Water uses the temperature difference between day and night in Africa and can get about 95L of water per day. The production cost is about 500~1,000\$ per piece, which is supported by donation, and if installed once, Warka Water continuously supplies water that can be used for drinking water for 6-7 years [8].

This is an indigenous and intrinsic solution to the problem by finding the appropriate technology considering the local climate and self-sufficient materials.

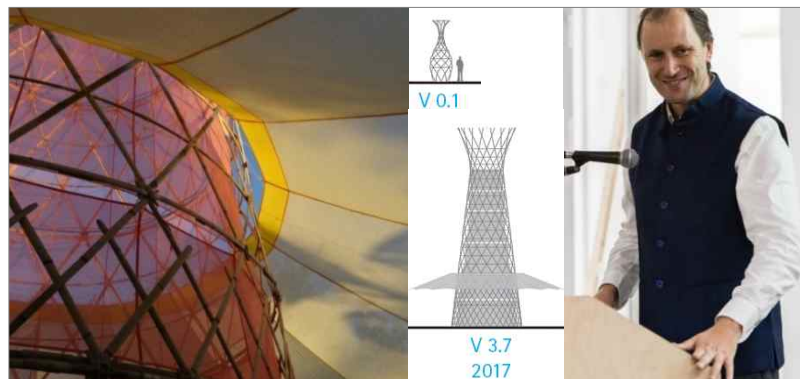


Figure 6. Waka water with Arturo Vittori (<http://www.arturovittori.com>)

## 4. DERIVATION OF INSIGHTS

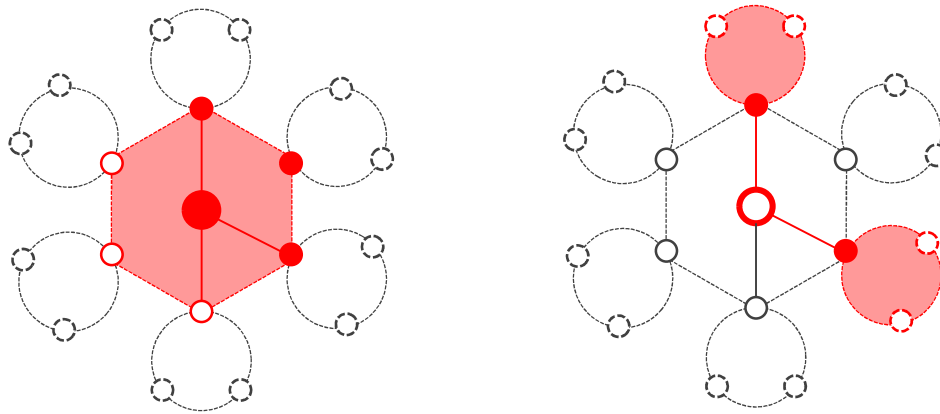
We summarized the keywords accumulated in the process of 'investigation and analysis', and after additional brainstorming, we summarized the insights which are accessible by designers' perspective and capabilities as follows:

### 4.1 Organization vs. Platform

It is practically very difficult for designers to introduce capabilities outside the company to the inside to implement social impact. Contrary thinking, which recognizes the organizational relationship inside the company as a 'platform' to which designers like themselves belong and finds ideas that can go toward social impact from the inside, may be a realistic alternative. As shown in the following figure, the source of social impact may be created through the entire platform within the enterprise or from one part. Viewing and

understanding the component factors of these companies as a whole provide a basis for open thinking through which organizations they can seek opportunities for social impact, and enable a more realistic approach. Rather than belonging to one organization of the company, designers within the enterprise live on a kind of platform.

Recognizing that an organizational platform within the enterprise implements a product, an item produced by the enterprise, and seeking opportunities based on the different perspective on internal competencies may be a realistic approach of corporate designers.



**Figure 7. Product design from the 'platform' perspective within the enterprise**

The example of Warby Parker is a case of abandoning traditional offline distribution and boldly attempting online distribution by looking at and innovating the organization within the enterprise from the platform perspective. By looking at the company's product production-distribution-sales organization as a platform concept, it was possible to recognize it as product moving experience, not simply a product, and the weakness of the user's purchasing experience was converted to the strength. So, the change in the platform within the enterprise has become a turning point where the company and society get closer.

#### 4.2 Productivity vs. Producing Relationship

Product designers considering social impact should approach production (manufacturing) from the perspective of 'producing relationship'. Beyond the role of strengthening a company's productivity through design, they should draw various forms of 'producing relationships' that are different from the existing ones, such as the relationship between the company and the region, and the relationship between part and the whole, and devise accessible social impact.

Byun Yang-gyun, a South Korean progressive economic bureaucrat who served as Minister of Planning and Budget and chief presidential secretary in 2005~2006, said,

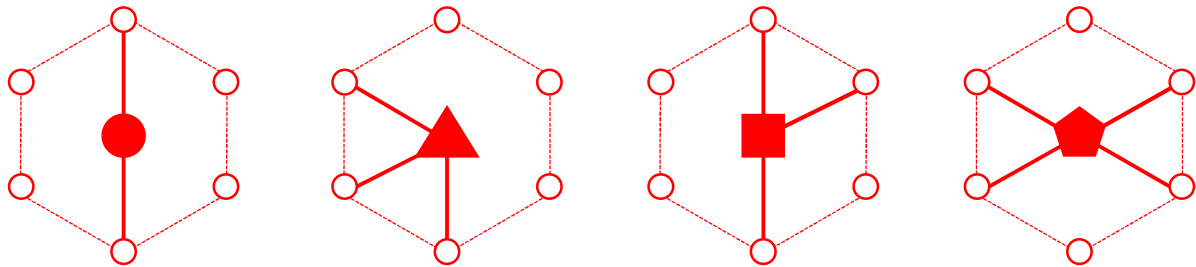
“Looking at the current era of Korea from the economic perspective, companies need to improve and develop products and services through ‘supply innovation’ rather than short-term ‘demand innovation.’ Accordingly, companies need constant structural reform, creative destruction and innovation. Supply innovation is created by the free combination of production factors [9].”

In 'Innovation and Entrepreneurship', Peter Ferdinand Drucker said that the mid-1980s, when the American working population was exploding, was a time when American companies changed from ‘business managerial economy’ to ‘entrepreneurial economy’ [10].

Here, the entrepreneurial economy can be said to be the economic perspective that causes 'supply innovation'. Based on these insights, corporate designers can contribute to the social impact management of companies that require innovation and creativity on the premise of new connections and applications of 'production factors' and 'producing relationship', rather than dependence on existing productivity.

To practice social innovation management of Warby Parker's 'homogenization of sales and donation', each other's roles were connected through the same value as 'VisionSpring', a social enterprise that donates glasses

to underdeveloped countries and provide education about job to low-income women. It forms a 'producing relationship' in which each producer divides the main roles, links manufacturing, sales, donation, and education, and realizes social impact.



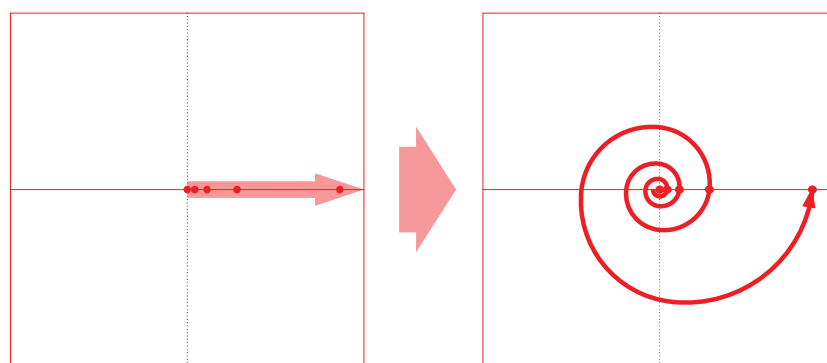
**Figure 8. Understanding for diverse production relationships within organization**

### 4.3 Serial vs. Parallel

A company's development and production process was a straightforward and serial process. The planning stage is a three-dimensional integration of the sources that need to be put into the object in consideration of all the contexts inside and outside the company, but the process of realization and execution is a straight-line, after all. Since it is a straight-line, it is difficult to look back on the way. Designers can look backwards from any position while going forward and look down while going up. In the development process to realize manufacturing, the 'only' members within the enterprise who think and draw the whole of things are planners, managers, and designers.

If adjusting the process of seeking to apply the ideology of social values on a straight line, the production activity of a company, designers miss the opportunity. In the development and production process, which should move only forward, the designer's thinking and perspective should be in the form of a spiral. It is a form of thinking of an attempt to find a window to social value while looking at the top, bottom, left, and right when development managers, purchasing managers, and sales managers stand at one point and look only ahead.

Corporate designers with external conditions of economic remuneration and treatment need to understand and follow the company's external process, and need 'ideology with centripetal force' mentally suitable for the overall and essential form of thinking at the same time. This is not fixed and serial interests and thinking, but a design thinking that has a parallel relationship and moves all the time [11].



**Figure 9. Serial Thinking vs. Spiral Thinking**

In the case of Tesla, the practice of sharing patents, which are the assets of a company that has been accumulated through long efforts and investments, is a decision that seems to go against profits in the straightforward, fixed mindset of most companies. However, it is an expression of centripetal ideology 'looking back and looking down' between the essence of the start of an item called an electric vehicle and the future image of the society to be completed through it. For some people, this practice is a reversal of the existing management method, but it is an ideological action towards the realization of future value, after all. Corporate



designers can be also the only essential members within the enterprise who regard the backwards and downwards proposed and collided between the nature of the start of the project and completion as a process of progress, after all.

## **5. EXPERT PANEL COMMENTS**

As introduced as a research method at the beginning of this study, the expert panel group with high trust in social impact management was selected to review the insights and keywords derived from this study, and the comments of each panel on this study are as follows:

Dr. Lee Gap-soo (Economics), a researcher at the Economic Policy Division of Samsung Economic Research Institute evaluated,

“The internal attempt by in-house designers to integrate social impact into products or services produced and created by the company to which they belong as humanistic insights is more realistic than the use of external resources. I agree that the possibility can be expanded when starting from a different perspective on the existing structure and collaboration system within the company. The ideal goal seems to be more important, but it is necessary for the designer of the company to reinterpret internal capabilities rather than outside the company from the perspective that means are more important in reality.”

In addition, Kim Jeong-tae, CEO of the Korean social company MYSC (Merry Year Social Company), which is leading the discovery and investment of social impact business said,

“Considering a company as an independent platform with production capabilities and resources, it is very valuable to regard designers within the enterprise as 'connectors' and 'open innovators' who identify the flow of non-customers and non-markets outside the company and connect them to internal opportunities”. He says it is now a non-market and non-customer for a company, but what makes this eventually a market and a customer is the lifelong task of the company, and this is called the 'blue ocean' strategy. Designers are eventually one of the players who can see the direction of the organization's 'Blue Ocean' farthest as in-house entrepreneurs, so how the organization utilizes the strengths of designer's platform thinking, stakeholder-oriented thinking, and parallel thinking should be treated as one of the strategic decisions of the company.”

In addition, Kim Ki-hyun, a manager of the student support team at Kookmin University's Student Affairs Division who has been planning and conducting the discovery of social value-oriented educational models and related workshops for a long time evaluated,

“Lack reminds us of the value of preciousness. In order for efforts to ponder what values companies are looking at society and to consider at what value can be redefined as an economic platform to pay off, I think it is very important to have a strategy that broadly implements the value impact experience of in-house designers, the expansion of autonomous creative opportunities, and internalization of members of the Outward Mindset. What society will a company dream of? This study contains a valid view in that the starting point that can give meaning to the perspective (economic) of a company looking at social value can find the possibility as a creative contribution activity of in-house designers effective for internalization.”

## **6. CONCLUSION**

Social impact combination, which has tended to be approached as a company's external activity, should be approached with planning and implementation from the inside of the company to increase the feasibility of implementation through firmly developed corporate systems and know-how. The expertise, creativity, and humanities of the internal designers will help and therefore, appropriately evolved insights are needed.

A shift in the perspective and perception of the attributes of a company's systems and processes should occur, with corporate designers looking at the 'organization' within the company as a 'platform' to discover impact ideas, recognizing the company's 'productivity' development orientation as a 'producing relationship' development orientation, and viewing development processes familiar with straight forward as 'parallel'

processes.

As an extension of this study, we want to continue to study the more practical understanding and methods that corporate designers should have through the example of the reality that combines social impact in the process of 'planning-developing-production-marketing' of a specific company.

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