

A study on the management innovation and military application of Yuhan-Kimberly

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«Abstract»

With the advent of the fourth industrial revolution and rising competition, the survival environment of companies has become difficult to predict. Consequently, changes and innovations to gain a competitive edge have become essential for modern society. In this paper, the management innovation techniques and contents were examined through the case of re-engineering of Yuhan Kimberly, exploring the direction of development and the way to apply them nationally. Yuhan-Kimberly implemented people-centered management, such as improving the working environment, operating the lifelong learning system, introducing smart work and family-friendly management; it also strengthened social enterprise activities that had continued since the early days of its establishment, thereby, realizing social enterprise image integration. Consequently, it solidified its status as a social enterprise through the increase in corporate profits, the selection of respected companies, and the commendation of government agencies. Based on the case of Yuhan-Kimberly's innovation, the government proposed work-life balance and family-friendly management, the

transformation of information systems, the improvement of organizational culture, and the promotion of ethical management and social contribution activities. This suggests that the military should aim to achieve its basic goals, restore public trust, and establish its role in the changing security environment.

Keywords : re-engineering, people-oriented management, corporate social responsibility, management innovation, social enterprise

I. Introduction

With the advent of the fourth industrial revolution, competition is accelerating fast enough to coin the term “infinite competition era” in modern society, where not only the pace of technological development but also the competitive environment of companies are unpredictable. There is always competition in the country, business, and personal relationships, and every participant pursues constant changes to gain the upper hand. If this trend of change is not followed, firms will fall behind in competition; they are constantly changing and attempting various management innovations to keep up with the competition.

In this study, we analyzed the case of Yuhan-Kimberly’s innovation, which was a great success by attempting innovation centered on human resources development. In particular, it highlights the success of Yuhan-Kimberly, which has led to the virtuous cycle of social development and corporate profit-making activities. It has created economic value through corporate activities and reinvested its profits back into society, leading to new solutions to social problems as a social enterprise and innovating its corporate image. In addition, we want to determine the advantages and disadvantages of management innovation through re-engineering, the direction of companies’ development, and how to apply them to the military. The innovation process of companies rapidly seeking and adapting to change in order to survive in a fiercely competitive environment is suitable for inducing effective changes in the stagnant military organizational environment. This case study will give them an idea of the direction of innovation in the military organization.

II. Theoretical Study on Re-Engineering and Corporate Social Responsibility¹⁾

2.1 Re-Engineering

Re-engineering is one of the management innovation techniques introduced and applied by many companies, which can be defined as “reconsidering the work process from the basics and fundamentally redesigning it to improve core performance such as cost, quality, service, speed,

1) Yuhan-Kimberly Sustainable Management Report (2005, 2006)

etc.” (Whitman, 1997). It is a concept that transforms task-oriented thinking into a process-oriented one and fundamentally redesigns the function-oriented organizational structure to focus on customer value, allowing the overall work to flow. This is a different concept from listing and downsizing; they merely reduce the output to cope with the current drop in demand, which means that re-engineering produces more results with fewer resources. In addition, re-engineering is different from reorganizing an organization or reducing or changing the hierarchy horizontally. The problems that organizations may face are due to process structures rather than organizational structures, and the way to put new organizational structures on old processes is only temporary, so they create new processes. In other words, it seeks to achieve significant performance improvements by boldly abandoning existing processes and replacing them with completely new ones.

2.2 Corporate Social Responsibility

Corporate social responsibility (CSR, hereafter) has been used as a somewhat different concept depending on the researchers. The company's social responsibility began to emerge from the recognition that it should pursue the satisfaction of various stakeholders and increase the value of its social responsibility. In other words, CSR ensures that the entity's activities, which meet social values, can satisfy both its members and various stakeholders (Lee, 2016; Smith, 2003).

There have been various studies on the need for CSR and, specifically, its corresponding activities; for example, the classification of CSR activities by Bennett and Kottasz (2000) is a typical study. They divided the social responsibilities of an enterprise into four categories: economic responsibility, legal responsibility, ethical responsibility, and philosophy (Dawkins, 2004). Economic responsibility refers to a company playing an economic role within society, such as realizing profits to its shareholders, paying wages to its members, discovering new resources, innovating, and creating new products and services. Legal responsibility refers to doing business within the scope of laws and rules commonly used in society. Ethical responsibility is doing the right thing with morality and fairness beyond the limits of the law so that it conforms to the values universally perceived in society. Lastly, charitable responsibility refers to the conduct of activities aimed at donating corporate profits to charity or giving back to society (Bennett & Kottasz, 2000; Kim, 2009; Lee, 2015; Yoon, 2006).

Yuhan-Kimberly has implemented many innovations, ranging from improving environmental

issues such as New Way innovation, creating the lifelong education system and a smart work environment, developing senior care lines and family-friendly management. In this chapter, Yuhan Kimberly's innovation process in re-engineering is examined to understand its role as a social institution in the county.

III. Yuhan-Kimberly's Management Innovation Plan

3.1 Introduction of Yuhan-Kimberly

Yuhan-Kimberly was founded in 1970 by South Korea's Yuhan Corporation, the only pharmaceutical company founded by a doctor, and the United States' Kimberly-Clark, which is a Texas-based paper company. Among Kimberly Clark's overseas subsidiaries, Yuhan-Kimberly is the only company that uses a local name; its core values are responsibility and contribution, challenge and creativity, trust, and consideration. Yuhan-Kimberly strives to fulfill its social responsibilities, such as ethical management, fair trade, sincere payment, respect for life, environmental management, and family-friendly management, and is making continuous improvements in a challenging and creative manner. In addition, the company's main policy is to respect diversity, build trust with an open mind, improve safety, quality of life, open management, lifelong learning, foster talent, shared growth, and customer satisfaction.

Yuhan-Kimberly was awarded the Presidential Commendation on Public Offering Day in 1978 for its contribution to exports, which started with the completion of its first plant in Gunpo in December of the same year, followed by the launch of South Korea's first Cortex sanitary pads and Kleenex beauty tissues in 1971. It continued its upward trend by releasing "Huggies Magic Panty" in 2005, "Pure" in 2008, and Korea Management Association Consulting (KMAC) in toilet paper and sanitary pads in 2010. Since then, its achievements include winning the 2011 Consumer's Day Presidential Commendation, the 2012 Korea Super Brand Award, the 2013 Korea President's Award, and the 2014 Grand Prize in the Creating Shared Value (CSV) category of the "Korea Management Awards" as well as presenting a timeline of its major achievements (Table 1).

Yuhan-Kimberly is also doing well in the international market as a major exporter; consequently, the products manufactured under its new management method are globally recognized.²⁾ As such, Yuhan-Kimberly is recognized by domestic and international

<Table 1> Major History of Yuhan-Kimberly(1970-2018)

Year	Timeline of Yuhan-Kimberly's achievements
1970	• Establishment of Yuhan-Kimberly Company and completion of the first plant (Gunpo)
1978	• President's Commendation on Public Offering Day for Contributions to Exports
1983	• South Korea's first release of Huggies panty-type baby diapers
1984	• Order of the Stone Pagoda of Workers' Day
1999	• Grand Prize in the radio category of the Korea Advertising Awards for the "Let our rivers and mountains be green and green" project
2000	• Presidential citation for the improvement of health and welfare
2002	• South Korea's Corporate Image Award for Best Ethics Management
2003	• Number 1 in South Korea as "Best Place to Work in Asia" (AWSJ, Hewitt, Mael Business Newspaper)
2004	• Grand Prize in the "2nd Korea Ethics Management Awards" and the number one respected company
2005	• Top 30 Respected Korean Companies (Dong-A Ilbo, IBM Korea BCS)
2006	• Presidential citation for family-friendly companies (Ministry of Gender Equality and Family)
2008	• Certified Consumer Complaint Self-Management Program (CCMS) for the first time in the industry
2010	• Selection of "2010 Rojas Management Awards" (Environmental Foundation)
2011	President's Commendation on the 16th Consumer Day
2013	• President's Commendation (Ministry of Trade, Industry and Energy) for South Korea's beloved company
2014	• Grand Prize in the CSV category of "Korea Talent Management Awards"
2016	• Selected Best Companies in the Shared Growth Index (Combined Growth Committee) • 2016 Labor-Management Culture Excellent Company Selection
2017	• Providing a free supply of baby diapers
2018	• Winning the "Best Honorary Company" rating in the evaluation of the Win-Win Growth Index

communities in terms of value and performance; it operates an innovation center for steady research and development as well as a smart work center for flexible work by improving human resources development and working environment.

3.2 Innovation Focus of Yuhan-Kimberly

Yuhan-Kimberly has made steady efforts to become a futuristic company through creative

innovation; since the 1980s, it has carried out an internal innovation project called the “New Excellence World-class Process with All Yuhan-Kimberly Family (New Way).” This project consists largely of change in management, business process engineering (BPR), enterprise resource planning (ERP), functional excellence teams, and supply chain management (SCM). In other words, Yuhan-Kimberly’s re-engineering consists of innovation activities in New Way, innovation in the working system, the realization of lifelong learning, the social spread of innovative management, and the development of innovative products. Among them, the change in management is driven by cultural changes, organizational and human resource development, and life-long learning.

Yuhan-Kimberly has a strong corporate image that has been steadily growing since its establishment, but it was not easy to manage the company at the beginning. Yuhan Kimberly’s initial product, “Kleenex,” did not fit well in the period when basic living activities were important; it was difficult to enter the market for reasons such as an excessive emphasis on consumption practices suitable for the Western world instead of South Korean living standards. Yuhan-Kimberly, however, made a turnaround by renewing its product advertising and was back in its growth phase. As South Korea’s economic situation gradually improved due to the booming economy, the standard of living also rose and the demand for toilet paper in flush toilets increased, giving the company a good opportunity to grow significantly. Since then, Yuhan-Kimberly has almost monopolized the market and topped the market share list; however, in 1989, a foreign peer called P&G entered South Korea and was praised for having better-quality products, which caused Yuhan-Kimberly to again suffer a decline in growth. Instead of giving up, however, Yuhan-Kimberly did its best to develop products tailored to the consumers’ needs and focused on innovation efforts, eventually regaining the top market share and preventing P&G from monopolizing the South Korean market. At this time, Vice President Moon Kook-hyun, who was then a preliminary president, pursued human-centered innovations, including the 4 trillion two-shift system, to ensure sufficient rest and education for production jobs, which has made Yuhan-Kimberly’s growth possible so far. In the 2006 Yuhan-Kimberly Social Responsibility Management Report, President Moon Kook-hyun left a message that he wanted to open the future of society by creating high value-added products based on human resources and transforming it into a knowledge society. As such, Yuhan-Kimberly pursued a management policy that states the start of innovation should be people-centered. It has been implemented as an effort to develop human resources and improve the working environment of employees.

3.3 People-Oriented Management in Yuhan-Kimberly

3.3.1 Development of Human Resources through Lifelong Learning

Yuhan-Kimberly's innovation mainly focused on enhancing the capabilities of its executives and employees. For example, its salespeople annually received more than 180 hours of lifelong learning, career development and sales training, along with mentoring and on-field work.³⁾ Yuhan-Kimberly implemented innovations centered on the lifelong learning system through various human resource development efforts and bold decisions. Its support for education has become a social interest as an example of good management innovation. It was also positively evaluated as a model case for fostering creative knowledge workers through stable employment and leisurely operation as well as solving youth unemployment problems. In 2004, Yuhan-Kimberly's case was published in newspapers, weekly magazines, broadcasting, and websites, which contributed to building a good reputation. In addition, as job creation is highlighted as a major policy at the pan-government level, more government officials visit the workplace, further increasing interest in the lifelong learning system.

The lifelong recharging learning system consists of education under the supervision of the company, learning through work and interpersonal relationships. Company-led education is compulsory for employees, including internal and external education, training, and seminars; the company pays the expenses for these activities, which are billed as paid working hours. The company-led education program offers 60% job training and 40% liberal arts education; job training is conducted in the form of workshops or lectures by high-level employees on the use, preservation, and maintenance of machines, and education on safety. Education on liberal arts is conducted in the form of lectures by English conversation, reading clubs, leadership, watching movies and music, volunteering, viewing exhibitions, leadership innovation, and computer education. Through this learning system, each employee must complete at least 180 out of 300 hours of education per year. And it consists of job training (60%) and culture education (40%) with the belief that corporate competitiveness depends on how to nurture and retain competent human resources. Learning through work in a lifelong recharging learning system is a way for the organization members to improve their knowledge, skills, and abilities while performing their duties. Therefore, the workplace becomes a learning resource that serves as a common space for learning; the manager and the supervisor are the commanding supervisors in this learning activity as well as the educators in charge of improving the subordinates' abilities during that

3) Yuhan-Kimberly Sustainable Management Report (2005)

activity. Yuhan-Kimberly introduced a job circulation system to change the work area of the employees, allowing them to experience various fields and accumulate knowledge. Finally, learning through interpersonal relationships refers to the employees engaging in activities in which they acquire expertise from their supervisor, colleagues, or experts in the department.

3.3.2 Improving the Working Environment

Canada's National Center for Occupational Safety and Health strongly recommended the shift system, saying that if continuous night shifts increase, more breaks should be taken every two to three days, regular breaks and activities should be arranged, and the shift schedule must be as simple and predictable as possible.⁴⁾ Yuhan-Kimberly's lifelong learning system has changed the existing three-shift system to two shifts of four trillion won, drastically reducing the weekly working hours from 56 hours to 42 hours instead of laying off employees by changing the existing working patterns. Eight free hours due to reduced working hours have increased work expertise by providing the employees with job-related professional learning and allowing them to share the results. The "lifetime learning system" immediately paid off, contrary to concerns around it. Productivity has been greatly improved by workers who have operated the factory for a year, earning enough rest and learning new technologies. In addition, safety accidents within the workplace decreased, recording the lowest accident rate among its industrial peers. As mentioned above, Yuhan-Kimberly was able to achieve great success in corporate management without having to lay off its employees through the "lifetime learning system."

The annual holiday will be the same, with much more work hours per day than the 4 trillion and 2 shifts per year, with 4 trillion and 4 more hours per day. This system has various effects, such as a decrease in the total commuting hours per year, a dramatic increase in learning time, and, crucially, reducing workers' fatigue and safety accidents by securing breaks, thus, making them factories that improves productivity and production of good quality products.

3.3.3 Introduction of Smart Work

Smart work is an innovative work environment concept that takes into account space, information and communication technology (ICT), and corporate culture. It establishes and operates a smart work center while building the headquarters office environment as a smart office with a smart work concept. The introduction of smart work requires a new paradigm, a more innovative way of working, and a corporate culture where employees can work happily

4) <http://blog.naver.com/nosagong/220153681513>

while increasing efficiency as well as innovating new products and creative corporate culture for sustainable growth through the promotion of new businesses. Yuhan Kimberly's first feature of smart work is the flexibility of time and space. In addition to the headquarters, the company introduced a variable seating system, which autonomously selects workspaces and seats; it allots intensive workspaces that can be used when employees want to avoid open spaces, designates night shift spaces where employees work outside of work, prioritizes seats for pregnant women to establish a woman-friendly working environment in the low birth rate era, and expands the time difference commuting system for managerial positions, telecommuting, and the headquarters. This allows employees and factory workers working at the headquarters to use it for work or close to home. In addition, Yuhan-Kimberly is making various efforts to create a more flexible and creative corporate culture by creating an equal and horizontal relationship between the president and all employees using the "nim" title, implementing complete dress autonomy that allows casual wear throughout the week, and flexible lunchtime. The implementation of smart work is a way to accelerate these efforts to ensure flexibility in time and space. For efficient smart work, a clear work promotion process must be standardized and an objective work evaluation measurement must precede the belief between the top and bottom, and efforts should be made to clarify work goals and apply objective evaluation methods on the premise of deep trust in employees.⁵⁾

3.3.4 Family-friendly Management: Solving Low Birth Rate and Improving Employees' Welfare

There is a widespread social perception in South Korean society that working life is only possible at the cost of family life. Working overtime or dining out at work increased the time spent with coworkers, which resulted in relatively neglected family problems. This has caused many social problems, one of which is the birth rate problem. It takes a lot of time and money to raise a child, but there are practical limitations to working and raising a child. Thus, working women are avoiding childbirth. As this trend has gradually spread throughout society, South Korea's fertility rate has decreased, which has accelerated the aging society. To solve these social problems, Yuhan-Kimberly introduced a family-friendly management program that supports childbirth and childcare.

Yuhan-Kimberly is striving to encourage childbirth and childcare in companies by creating the "Zelkova Shadow Room⁶⁾" in 2006 and holding a "Pregnant Women's Meeting" in 2009. In

5) Yuhan-Kimberly homepage (<http://www.yuhan-kimberly.co.kr>)

addition, both male and female employees are provided with three months of parental leave as well as childbirth congratulatory money and products. Childcare support is also available, with Daejeon plants having separate workplace childcare facilities, supporting infant education expenses for three years, and providing university tuition regardless of the number of children.

In addition to childbirth and childcare support, Yuhan-Kimberly provides “family-friendly support” to its employees, with a “happiness-finding program” that provides expert counseling and necessary support when employees and their families are in trouble. It also introduced a “regular leave-of-work system” to protect the employees’ family life. In addition, the “work hour option” was introduced so that one could choose their work hours. It supports flexible work depending on personal circumstances, such as having children attend school, go to graduate school, and being hospitalized and requiring nursing. As such, Yuhan-Kimberly sought to improve the working conditions and living standards of its employees through numerous in-house welfare programs and eventually contribute to solving the social problem of low birth rates.

3.3.5 Creating Shared Value: Solving the Aging Problem

The Republic of Korea is gradually entering an aging society; the average age of the population is increasing as the number of young people decreases due to the low birth rate and life expectancy increases due to the development of medical technology. As a result, youth unemployment and welfare costs for the elderly are emerging as new social problems. The aging problem is hindering the nation’s sustained economic growth and causing social conflicts among generations. To solve these social problems, Yuhan-Kimberly introduced a new management innovation called CSV, which combines the economic value of a company with the social value of the public. CSRs are socially perceived to be limited to one-sided charitable activities and thus, they have evolved into CSV activities that create and share economic benefits and social values⁷⁾ with the poor. Yuhan-Kimberly is pushing for an “active senior campaign,” which was created to find new business opportunities targeting the elderly to create shared value and solve the aging problem. “Active senior” refers to those aged 55 or older who actively participate in economic and social activities through work, service, and community to pursue a happier life. In this process, their efforts are promoted as a contribution to economic development and aim to shift social awareness of the elderly in a positive direction. If the

6) Yuhan-Kimberly’s in-house maternity rest facility

7) Naver Knowledge Encyclopedia, Hankyung Economic Glossary, “Creating Shared Value” (2015.02.02.02)

elderly, the subject of welfare, were transformed into the main agents of economic activity, the problems caused by aging would be solved and, at the same time, could promote economic growth. If the nation's senior workforce grows to more than 16% of the total, it will be the driving force behind the new national economic growth, which will have the effect of creating jobs and raising income.⁸⁾ An example of an “active senior campaign” is a “defended survey bus.” This campaign was designed to improve the negative perception of urinary incontinence (UI) for older people and their children who think of UI as shameful as their parents grow older. It meets with elderly people who have experienced inconveniences with UI in person to talk and provide help. The “active senior campaign” not only changes social awareness but also projects related to the elderly. Yuhan-Kimberly discovered and fostered 26 related projects by 2015 and hired 211 senior citizens.⁹⁾ It also develops, produces, and sells “senior products” for the health and convenience of older consumers. Products catered for senior citizens, such as functional shoes and portable salinity systems, are growing rapidly, recording an average growth rate of 17%. As mentioned above, Yuhan-Kimberly succeeded in expanding its business through CSV and contributed to solving social problems caused by the aging phenomenon.

The advantage of Yuhan-Kimberly's management idea is that it is recognized as essential to pursue profits and competitiveness of companies as well as both social and economic values using corporate resources and expertise. In particular, the company expects people to actively continue social and economic activities even after retirement, increasing sales by expanding new business opportunities with the growing active senior market, which has the experience and economic power. If the passive elderly who are subject to welfare turn into active seniors, it can solve numerous economic and social problems caused by aging, such as reducing social welfare costs and helping the nation's economic growth. Therefore, Yuhan-Kimberly is taking full-scale active senior programs and managing them as a core business so that it can secure the senior market first by growing into a major business and simultaneously generating economic and social performance.¹⁰⁾

8) Yuhan-Kimberly CSV Business Headquarters

9) Cumulative personnel

10) Yuhan-Kimberly homepage (<http://www.yuhan-kimberly.co.kr>)

IV. Yuhan-Kimberly's Management Innovation Plan

4.1 Integrate Social Enterprises and Corporate Images

Social enterprise pursues both for-profit companies that seek only private profit and non-profit entities that seek only to achieve public interest. These social enterprises seek to gain a competitive edge by using the management technique of corporate image integration, which clarifies a company's role, mission, and vision in society and imprints it on the consumers to maintain the company's consistent image and behavior (Gray et al., 1998). If a particular company imprints on consumers that it is a social enterprise that performs a socially desirable role through corporate image integration, this can have a positive impact on corporate sales (Cho & Lee, 2015).

<Table 2> Categorized α value and reliability

Concept	Category	α value
Social Corporate Attitude	• I feel close to social enterprises. • I have faith in social enterprises. • I believe in the information provided by social enterprises. • I have a good feeling about social enterprises. • I think social enterprises keep promises with customers well.	.92
Social Enterprise Product Trust	• I will trust social enterprise products. • Social enterprise products can be trusted. • Social enterprise products are honest products.	.88
Intention to Repurchase	• I will consider social enterprise products first. • I will purchase social enterprise products. • I will consider purchasing social enterprise products. • I would like to recommend social enterprise products to others.	.88

* Source: (Cho & Lee, 2015), Corporate Social Responsibility Activity, Social Corporate Attitude, and the Impact of Trust in Social Enterprise Products on Purchase Intention

According to Cho Eun-mi and Lee Eun-soo's study (2015), which deals with the relationship between social enterprises and product reliability, positive images of social enterprises showed significant correlation with product reliability, which in turn showed a high correlation with consumers' willingness to repurchase products. Table 2 shows that the α value of the social enterprise attitude is .92, and the value of the social enterprise's product confidence and the α value of the purchasing intention is .88; both values exceed .80, which is statistically significant. Thus, the method of managing a business that fulfills its social responsibilities is an innovation

technique that ultimately helps the company generate profits.

Yuhan-Kimberly can be seen as a representative social enterprise that plays a leading role in solving social problems along with the pursuit of corporate profits. In 1970, Yuhan-Kimberly was founded on the “entrepreneurship” of the founder of Yuhan Corp., the sole parent company of Yuhan-Kimberly, “the economic profits received from society should be returned to the society that nurtured it.” Therefore, it has utilized the corporate image integration strategy as a social enterprise from the beginning of the company’s foundation and pursued co-prosperity between the company and society.

<Table 3> Social Problems and Causes during Different Eras in South Korea

Era	Causes → Social problems
1971~1980	• Poor working conditions → Labor-management issues • Nuclear families, the inflow of foreign culture → Family disintegration, youth problem
1981~1990	• Inequality distribution → The gap between rich and poor, regional sentiment, and corruption
1991~1997	• Side effects of development → Environmental problems • Early retirement age, extended life expectancy → Elderly problems
1998~	• International financial crisis, monopoly and control of information → Unemployment, lack of humanity

* Source: Naver Knowledge Encyclopedia, Social Affairs, Social Dictionary for Basic High School Students

As shown in Table 3, South Korea had various social problems during different periods; in the 1970s, unemployment and absolute poverty became serious issues due to changes in the industrial structure and a long-term economic recession after the oil crisis in 1973. In addition, due to minimum social awareness of welfare, the working environment was very poor, and family dissolution due to sudden urbanization developed into a social problem. In the 1980s, economic inequality, environmental pollution, and aging emerged as new social problems. The social problems and the consequent deepening of social conflicts have hampered the nation’s continued economic development and social integration, which has had a profound impact on all members of society, including the people and businesses.

To overcome these social problems, the government has made great efforts to connect businesses with society, and as a result, various institutional measures have been drawn up over the past three decades, such as the 1997 “public work” and the 2007 “Social Enterprise Promotion Act.” Yuhan-Kimberly presented the following vision¹¹⁾ of social responsibility

management to revive the social role of enterprises expected by society and carry out effective corporate image integration strategies in a timely context. First, by creating economic value through business activities and reinvesting profits back into society, it forms a virtuous cycle of social development and corporate profit activities. Second, it presents new solutions to social problems and builds innovative markets accordingly. Since then, Yuhan-Kimberly has been planning and implementing programs linking social contribution to corporate activities in various fields, starting with the “Let our rivers and mountains be green and green” project in 1984.

4.2 Transforming Yuhan-Kimberly’s Social Enterprise Image

4.2.1 Social Enterprise Image Integration Strategy

Since its establishment in 1970, Yuhan-Kimberly has attempted numerous managerial innovations as a social enterprise, as shown in Table 4. In 1984, the “Let our rivers and mountains be green and green” project was started, and in 1988, the “Green Camp for Highschool Girls” program was conducted to provide environmental education centered on girls in the community. Since 1998, Yuhan-Kimberly has expanded its business not only to South Korea but also to Northeast Asia and North Korea. Since 1993, some factories have introduced

<Table 4> Yuhan-Kimberly Corporate Image Innovation Efforts

Year	Corporate Image Integration Strategy
1970	Yuhan-Kimberly Company Establishment
1984	The “Let our rivers and mountains be green and green” project is initiated
1985	Newlywed Couples’ Tree Planting Program
1988	Green Camp-Women’s Forest Experience School
1993	The introduction of the 4 trillion work system based on lifelong learning
1998	School forest movement
1999	Restoration of North Korean Forest
2003	Urban Forests Village Forests
2004	Participate in the Donation Relay Campaign “Hope for Daughters”
2005	Declaration of Family-Friendly Management
2006	Zelkova Shade Room Launching Proposal
2009	School Forest Development Budget Support
2014	Conduct a Working-mom Conference
2015	Implement CSV-Senior Care

the “Group 4 work system” to settle the system in all factories since the IMF. It declared “family-friendly management” in 2005, and is gradually expanding its business through the “Zelkova Tree Shade Room” in 2006 and “Working-mom Conference” in 2014.

4.2.2 Solving environmental problems

Yuhan-Kimberly launched an environmental project called “Let our rivers and mountains be green and green” in 1984. This project was aimed at the restoration of dilapidated forests in Korea and the transformation of social awareness of environmental issues. As a result, Yuhan-Kimberly succeeded in forming a positive social image in solving environmental problems” by protecting forests in Northeast Asia, North Korea, and South Korea.

Yuhan-Kimberly has carried out programs such as “Newlywed Couples’ Tree Planting,” “Green Camp for Female High School Students,” and “Prevention of Desertification in Northeast Asia and Restoration of the North Korean Forest.” Since 1985, a total of 9,885 newlyweds have participated in the “Newlywed Couples’ Tree Planting” program and planted a total of 193,100 trees. In addition, the “Green Camp for Girls” is aimed at transforming social awareness of environmental issues by involving 4,145 female high school students since 1988 to learn about nature’s importance. In particular, Yuhan Kimberly took the lead in expanding its business not only in South Korea but also in Northeast Asia to contribute to the prevention of desertification, as yellow dust has recently emerged as a serious social problem due to desertification. Since 1998, 10,131,600 trees have been planted in Mongolia, North Korea, and China. In particular, 12,859,150 trees have been planted in North Korea through the “North Korea Forest Recovery Project” since 1999 due to the severe deforestation caused by indiscriminate logging.

V. Yuhan-Kimberly’s Management Innovation Plan

Yuhan-Kimberly established the new Vision 2020 in October 2010, and in 2013, it prepared and implemented the vision, strategic direction, and implementation roadmap for each sector. In 2015, the company revised its vision in consideration of changes in the business environment and the level of potential capabilities, sharing it with the employees through a management status briefing session.

Yuhan-Kimberly has set 12 key tasks in 4 major sectors to achieve its management goal of “super-class life innovation companies,” and has focused on its capabilities to achieve its goals

by 2020. In the organizational/cultural sector, it seeks to enhance organizational flexibility and build a consumer-centered world-best marketing sales company culture. In the process/infrastructure sector, it seeks to establish a market/consumer intelligence system, improve marketing/business collaboration process, activate SCM external collaboration, overhaul partner management system, strengthen IT digital leadership, and strengthen smart manufacturing capabilities. In the business sector, it aims to establish a channel strategy and reorganize the channel management system, systematize programs for enhancing sales workforce capacity, establish a system for targeting the reverse direct-purchase market, and specify and implement key strategies for each business division. Finally, in terms of M&A/partnership, the vision was to establish an M&A/partnership strategy and strengthen capabilities. In this way, Yuhan-Kimberly's sustainable management pursues co-prosperity based on economic profitability, social responsibility, and environmental soundness, and strives to create economic, social, and environmental values by promoting sustainable management activities while considering the social and environmental impacts at all levels of the value chain.

VI. Military Application Case of Re-Engineering

6.1 Work-Life Balance and Family-Friendly Management

Yuhan-Kimberly considers the happiness of employees to be corporate competitiveness; it has implemented the time-to-work system and work-to-work system, continuing to improve the systems since it received the government's family-friendly certification in 2008. It is also actively practicing "work-life balance," which has emerged as a social concern through the "nim" naming system, the introduction of recharging vacations and learning vacations, the implementation of projects to form a positive organizational culture, and the flexibility of commuting hours. Instead of forcing the value of past sacrifices, the military is also striving to improve the welfare and working conditions of its members according to social trends, establishing and implementing plans for "work-life balance" for each unit, reflecting childcare hours, implementing long-term vacations, and improving recreational conditions. Some units have been certified "home-friendly" by the Ministry of Gender Equality and Family, and many are still trying to obtain additional certifications.¹²⁾ Considering the special duties of the military,

12) Certification Authority of the Ministry of Gender Equality and Family: 10 units including the Ministry of National Defense

if family-friendly service conditions are promoted in various ways, the service satisfaction of the members of the military and their willingness to carry out tasks will increase, which will also contribute to the creation of a positive social culture.

6.2 Promoting Digitalization of the Military Information System

Yuhan-Kimberly is innovating by actively accepting the development of science and technology as well as changes in the business environment for consumer-centered management. It has endeavored to promote digital transformation, establish an integrated platform, secure a foundation for data analysis, innovate manufacturing and build a Manufacturing Execution System (MES), and expand channels through e-commerce.¹³⁾

The military has also been establishing an integrated intelligence system since 2014, which will enhance logistics visibility and efficiency as well as reduce costs by integrating information systems that have been operated separately for each military function. Furthermore, the government should strive to achieve innovation that simultaneously increases the efficiency and satisfaction of the service unit by accessing logistics systems using smart devices and establishing platforms that interact with customers. In addition, big data analysis through information system utilization records will contribute to enhancing the accuracy of demand forecasting and establishing an efficient military inventory management system.

6.3 Horizontal organizational culture

Yuhan-Kimberly is forming a horizontal organizational culture by encouraging employees to address each other without using their titular ranks. Although it is limited due to the strong hierarchical order and strong class culture, the military also needs to recognize personal respect and individual abilities to improve job satisfaction and performance of its members. The military also has a positive wind of change, which emphasizes mutual respect among members, the inclusion of various opinions, and the organizational culture of treating members personally. Each military leadership center provides leadership education required by modern society such as officers' conservative education courses and field units. In addition, various efforts are being made, for example, producing and distributing contents such as leadership self-development

and the Army General Supply Center(from the website of the Ministry of Gender Equality and Family)

13) Yuhan-Kimberly 2018 Sustainability Report, <https://www.kimberly-clark.com/en/responsibility/annualreports>

books, and “leadership coaching” is conducted for the unit commanders to ensure proper direction of command and advice on organizational culture. In the future, these activities should be institutionalized and developed to create a culture in which the members voluntarily work hard to create a military organization that achieves both high satisfaction and achievement as well as good results.

6.4 Promotion of Ethics Management and Social Contribution Activities in the Military

As society develops, external environmental factors and stakeholders are becoming more diverse to consider in corporate management. In addition, corporate influence on society is also increasing, with companies making decisions that satisfy a variety of stakeholders through the promotion of CSR. In particular, the military must fulfill its social responsibilities as a public institution, especially when transparency and stability have become important for the military’s policy and business promotion due to the development of various media and social networking services (SNS); moreover, public relations that can lead to the emotional consensus of the people are very important. To this end, we must analyze many cases of private enterprises and study various fields such as environment, ethics, donation, shared growth, advanced organizational culture, and elimination of gender discrimination. In addition, the military should actively promote such projects, recognizing that many policies can enhance the military’s credibility through implementation, such as promoting its policies in compliance with law and ethics, training to repair the environment, contracts for supplies to help small and medium-sized enterprises grow, and cultural creativity to enhance the service satisfaction of its members.

VIII. Conclusion

Since its establishment in 1970, Yuhan-Kimberly has operated various programs to create a positive corporate image by contributing to solving social problems as a social enterprise. This is evident through its social awareness and business performance. Yuhan-Kimberly ranked third in 2015 as the most respected domestic company and has been in the top rankings for 13 consecutive years. According to a survey on brand power in the Korean industry, Huggies maintained the top spot in each category for 18 years, sanitary pads for 16 years, and Kleenex

and Poppi for 14 consecutive years. In 2014, it won the CSV category in Korea Talent Management Awards as well as secured the top place in the sustainability index and the Social Responsibility Management Grand Prize selected by interested parties. Yuhan-Kimberly has carried out constant management innovation in the form of winning the “Best Honorary Enterprise” rating in the evaluation of the Shared Growth Index, winning several presidential commendations from the Korea Forest Service, the Ministry of Gender Equality and Family, and the Ministry of Industry and Trade. It has also contributed to society, including the “Let our rivers and mountains be green and green” project and, as a result, it is considered a representative company of sustainable management.

Yuhan-Kimberly’s management innovation has increased its sales performance, but its success has also become evident in the environmental sector. Thirty-four products of Yuhan Kimberly obtained environmental mark certification and, through continuous monitoring and collaborations, the company has achieved its 15.3% more emission capacity goal by introducing carbon dioxide reduction programs in business sites through implementing the emission trading system. Based on Yuhan-Kimberly’s management innovation that led to these achievements, the government proposed work-life balance and family-friendly management in the military organization, digitalization of the military information system, formation of a horizontal organizational culture, and increased ethical management and social contribution activities.

The case of management innovation as a social enterprise shown by Yuhan-Kimberly directs towards the right role of a company as a member of society. It is a good idea for companies to think about whether they can grow separated from society and whether the ultimate goal of all private companies, that is, maximum profit-making can be achieved independently of their social roles. Furthermore, according to Yuhan-Kimberly’s social contribution activities, it can relate to the right direction for regaining public trust and coexisting with society toward military social responsibilities. We hope to induce effective changes in the military organization environment through research on the innovation process of companies rapidly seeking change and taking a competitive advantage in the fierce business environment. We also hope that this case study will bring positive ideas on the process of sustainable development in the military.

Acknowledgements

We would like to thank Editage (www.editage.co.kr) for English language editing.

Declaration of Conflicting Interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

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원 고 접 수 일 2020년 11월 16일

원 고 수 정 일 2020년 12월 16일

게 재 확 정 일 2020년 12월 24일

유한킴벌리의 경영혁신과 군 적용 가능성 모색

강원석* · 박선옥**

4차 산업혁명의 도래와 함께 기업들의 생존 환경은 예측하기 어려워졌고, 경쟁이 가속화되어가고 있다. 이에 경쟁우위를 차지하기 위한 변화와 혁신은 현대사회의 필수적 요소로 요구된다. 본 논문에서는 ‘유한킴벌리’의 리엔지니어링 사례를 통해 경영혁신 기법과 내용을 살펴보고 발전방향과, 이를 군에 적용할 방법을 모색하였다. 유한킴벌리는 근무환경의 개선, 평생학습제도 운영, 스마트 워크 도입, 가족친화 경영 등 사람중심 경영을 시행하였으며, 설립 초기부터 이어온 사회적 기업 활동을 강화하여, 사회적 기업 이미지 통합을 구현하였다. 그 결과 기업이윤의 증가와 존경받는 기업 선정, 정부기관 표창 등 사회적 기업으로서 위상을 확고히 할 수 있었다. 이러한 유한킴벌리의 혁신사례를 토대로, 군에 적용할 수 있는 방안으로 위라벨과 가정친화경영, 정보체계의 변환, 조직문화 개선, 윤리경영과 사회기여활동 증진 등을 제시하였다. 이는 군의 목표달성과 국민의 신뢰회복, 변화하는 안보환경에서의 군의 역할 정립에 군이 지향해야 할 점을 시사한다.

주제어 : 리엔지니어링, 사람중심 경영, 기업의 사회적 책임, 경영혁신, 사회적 기업

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