

# **Samsung Galaxy Note 7 fires and explodes**

## **1.0 Introduction**

### **1.1 Background**

Samsung is a South Korean multinational conglomerate headquartered in Seoul. It comprises numerous subsidiaries such as Samsung Life Insurance, the well-known Samsung Electronics which has made “Samsung has been recognized globally as an industry leader in technology and now ranked as a top 10 global brand.” (“Samsung Company History”, 2019) and many more. Samsung is considered as one of the largest and leading smartphone vendors in the world. “Since 2012, the South Korean company has held a share of 20 to 30 percent in the smartphone market.” (Holst, 2019)

The galaxy series is the main line of Samsung’s smartphone products where the first released in April 2009. Months after the release of Galaxy Note 7, Samsung was forced to an embarrassing global recall of the Note 7 over faulty batteries that overheated and exploded. Samsung had to recall over 2 million devices and discontinue the product where it cost of recall about \$5.3 billion mentioned Lopez (2017) in her article.

### **1.2 Methods**

In this report, the Samsung note 7 phone exploding case in 2016 as a major reference to analyze and discuss the ethical issue involved by Samsung. Secondhand data collection from internet sources will be used.

## **2.0 Analysis**

### **2.1 Problem**

According to Petrovan (2016) his article was written with evidences that the device went on sale on 19<sup>th</sup> of August 2016. Early September 2016, Samsung initiated the first recall, a voluntary global recall of the Note 7 which offers either refund or replacement citing faulty batteries. Mid September 2016, Samsung issued a formal global recall and by October 2016 it had permanently stopped production of the Note 7 and told the customers to stop using and turn them off. (“Samsung confirms battery faults”, 2017, January 23) In less than 3 months, Samsung has reached a 96 percent return rate globally by aggressively telling the media that their goal was a 100 percent recall. Lopez (2017) also mentioned that to yield a return of more than 30 percent is very challenging thus recalling a product globally is never easy.

#### **2.1.1 Samsung Code of conduct VS Actions Taken**

According to the 4<sup>th</sup> principle “We care for the environment, health ,and safety” (“Global Code of Conduct”, 2005, pp. 14-15), some points under 4-2 “We value the health and safety of human beings” were clearly showed by how Samsung has dealt with the issue.

#### **2.1.2 Evidence for the 3<sup>rd</sup> and 4<sup>th</sup> point under 4-2**

The first voluntary global recall which allow customers to choose either a refund or a replacement, it released an infographic on their findings where problem on the first battery was negative electrode deflections and the second battery was due to abnormal ultrasonic welding burrs. (“Infographic”, 2017) which aggressively trying to get a 100 percent recall from the second global recall due to the failure of the replacement which shows that Samsung did inform the customers regarding the safety and deal it promptly.

**2.1.3 Evidence for the 1<sup>st</sup>, 2<sup>nd</sup> and 5<sup>th</sup> point under 4-2**

According to Lopez (2017) Samsung built a new test lab staffed with researchers, devices and batteries to replicate the cause of fires in Note 7 and other features. Since there isn't any issues raised by the employees on the newly built test lab and the Note 7 successor Note 8 is considered the "safest smartphone you can buy" said Boxall (2017). The duration of unveiling to release Note 8 is almost twice the amount of Note 7 where Seifert (2016) has a screenshot of Samsung tweet that proves the Note 7 was unveiled on 2<sup>nd</sup> of August 2016 and the device went on sale on 19<sup>th</sup> of August 2016 and as for the Note 8 was announced on 23<sup>rd</sup> of August 2017 but the device was released about one month later.

**3.0 Conclusion**

Based on the case, below are the ethical evaluation on the parties involved in the case

**3.1 Samsung**

Based on the utilitarian framework with reference to the evidences above, the actions taken on the issue does seem appropriate as Samsung did provide welfare and happiness to the customers as they were allowed to choose either a refund or a battery replacement. However, in the case of deontological where it is not based on the consequences of one's action, Samsung didn't seem to have the right intention because of the failure due to the replacement which caused the second recall. This shows that Samsung did not bother to even test with the new replacement battery but as of now, Samsung has already implemented a new battery testing protocol and hired more staff to comply the new standards.

**3.2 Government**

Based on the utilitarian framework, the US aviation and many airlines informed the passengers not to turn on or charge the Note 7 when on board and the US regulators ordered the recall of Note 7 since it posed danger to the health and safety of the people. The actions taken seems beneficial as the safety of the other passengers on board and safety of the Note 7 consumers were taken care of. Even based on the deontological framework, the intention of the US aviation and US regulators seem to be the safety and welfare of the people as they have the responsibility to do so.

**3.3 Victims**

Based on the utilitarian framework, if the victim took the refund instead of a replacement the happiness and safety of the victim will be much greater than if they chose the replacement where the satisfaction is short lived, and it may harm the victim. But if the intention of the victim is not because of the possibility that it may cause harm, based on the deontological framework it may not deem as appropriate.

**3.4 Overall**

Based on the analysis on the Note 7 case, the actions Samsung took did satisfy their code of conduct and the conclusion on ethical frameworks seem appropriate but can be improved, thus a fund manager, I would invest in Samsung.

(999 words)

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