

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
TERNOPIL IVAN PULUJ NATIONAL TECHNICAL UNIVERSITY

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**AN INVESTIGATION OF STRATEGIC MANAGEMENT IN THE
ORGANIZATION OF SAMSUNG ELECTRONICS**

Speciality 8.03060101 – Management of organizations and administration

ABSTRACT

for educational qualification “Master” degree

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Master's research paper has been done at the management in manufacturing sphere department of the Ternopil Ivan Puluj National Technical University.

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Defense will be held on February, 22, 2017 at 9.00 o'clock at the sitting of the State Examination Commission at the management in manufacturing sphere department of the Ternopil Ivan Puluj National Technical University. Address: Ternopil, Mykulynetska str., 46, Management in manufacturing sphere department.

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GENERAL DESCRIPTION

The thesis of this master's research paper titled "An investigation of strategic management in the organization of Samsung Electronics". Volume of graduation project is 159 pages.

Theme actuality. The current management is not possible without strategic thinking. The manager must know the company's strategic position, understand the influence of changing conditions, monitor internal and external environment of the company and choose the right time to change strategy.

Strategic management is the most exciting of management disciplines. Strategic management is about success and failure, about the ability to plan wars and defeat them. An effective strategic management performance can transform an organization, bring wealth to shareholders, or change the structure of an industry. An inefficient strategic management can fail whole companies.

Strategic management is a mean of modern management, focused on changes and amendments to be made in the organization and within its interactions with the environment in which it operates, in order to avoid situations in which goods and services provided by the organization, their production and sale, entire activity become outdated, inconsistent in relation with produced changes.

Thus, strategic management becomes a premise for the realization of the sustainable development of an organization, and thus - of the economy and society as a whole. The last one implies the following:

- Redimension of the economic development, taking in consideration a more efficient and fair use of resources so as to obtain qualitative products with minimum and nontoxic wastes;
- Increase of the quality of people's life under conditions of satisfying essential needs and by reducing the uncontrolled demographic increase;
- Conservation of the environment quality and of the natural resources. These objectives can be achieved by integrating the concept of the sustainable development in the formulation and realization of the strategy of an organization.

Research paper includes the contents, abstract, introduction, seven chapters, conclusions and suggestions, list of references and appendices.

The main **purpose** of this research paper is to improve the strategic management at Samsung Electronics Company.

The main **tasks** of master research paper are the following:

- to describe the theoretical aspects of strategic management and its importance;
- to examine the factors affecting strategic management in the organization;
- to analyze the company activity for several periods;

- to investigate the strategic management at Samsung Electronics Company;
- to improve the strategic management at Samsung Electronics Company;
- to find the ways to enhance the company activity;
- to conduct SWOT-analysis of the industrial and economic activity of Samsung Electronics;
- to explore the current trends and law regulations;
- to make decisions concerning strategic management of Samsung Electronics Company.

MAIN CONTENTS

The introduction clearly states an area of research, justification and discussion procedures, the aim, objectives and the research methods.

Theoretical section contains the meanings and definition of strategic management, theoretical review of strategic management and factors affecting strategic management activities.

With the development of economy, original pure rational strategic management could not adapt to the complex and ever-changing environment now. The world is changing and becoming more and more unpredictable with each passing day. A kind of irrational strategic management is emerging quietly. This passage introduces the development of irrational strategic management and its function in strategic management, and discusses the way of irrational factor playing an active role in strategic management.

Strategic management is well-organized approach that is based on effective principles and process of management to recognize the corporate objective or mission of business. It establishes suitable target to assure the objective, identify existing opportunities and restraints in the environment, and develop a logical realistic process to accomplish company objective. Strategic management is both the process and beliefs to determine and control the organizational affiliation in its vibrant environment. It is a process to describe approaches and procedures to help management become accustomed to the current business environment through the use of objectives and strategies. As a philosophy, it changes the viewpoint of manager to deal with competitors, customers, markets and even the organization itself. Its purpose is to motivate management's wakefulness of the strategic implication of environmental events and internal decision.

Strategic management is an organized approach to manage strategic change, which consists of the following:

- Positioning of the firm through strategy and capability planning.
- Real-time strategic response through issue management.
- Systematic management of resistance during strategic implementation.

Strategy and market positions are necessary to set directions for a firm and to overcome competitors or facilitate to conquer threatening environment. A good strategy when effectively implemented can ensure an uppermost position for the weakest firm among other leading competitors.

Strategic management is both an Art and science of formulating, implementing, and evaluating, cross-functional decisions that facilitate an organization to accomplish its objectives. The purpose of strategic management is to use and create new and different opportunities for future. The nature of Strategic Management is dissimilar from other facets of management as it demands awareness to the "big picture" and a rational assessment of the future options. It offers a strategic direction endorsed by the team and stakeholders, a clear business strategy and vision for the future, a method for accountability, and a structure for governance at the different levels, a logical framework to handle risk in order to guarantee business continuity, the capability to exploit opportunities and react to external change by taking ongoing strategic decisions.

Strategic management process encompasses of three phases:

- Strategic formulation.
- Implementation
- Evaluation and control.

Strategy formulation comprises of developing a vision and mission, identifying an organization's external opportunities and threats, determining internal strengths and weaknesses, establishing long-term objectives, creating alternative strategies, and choosing particular strategies to follow.

Strategy implementation needs a company to ascertain annual objectives, formulate policies, stimulate employees, and assign resources so that formulated strategies can be implemented. Strategy implementation includes developing a strategy-supportive culture, creating an effective organizational structure, redirecting marketing efforts, preparing budgets, developing and utilizing information systems, and relating employee reward to organizational performance.

Strategy evaluation is the last stage in strategic management. Managers must know when particular strategies are not working well. Strategy evaluation is the main process for obtaining this information.

Strategic management provides overall direction to the enterprise and involves specifying the organization's objectives, developing policies and plans designed to achieve these objectives, and then allocating resources to implement the plans. Academics and practicing managers have developed numerous models and frameworks to assist in strategic decision making in the context of complex environments and competitive dynamics. Strategic management is not static in nature; the models often include a feedback loop to monitor execution and inform the next round of

planning.

According to my view, in the recent years most of the firms have understood the importance of strategic management – it plays a key role in the upbringing and downfall of any company. In a nutshell we can conclude that, the purpose of strategic management is possible if a company can provide dedicated resources and staff in order to formulate and implement the entire system. If strategic management is implemented in the company thoroughly then there is no doubt that the company will survive all types of odds and competition and remain in the market for a long period of time. This is required in the present situation for all companies.

Research and analysis section refers to the introduction of Samsung Electronics Company, SWOT-analysis of the industrial and economic activity of Samsung Electronics Company, and analysis of strategic management at Samsung Electronics Company.

Samsung Organization is one of the biggest digital item producers in the world. To use its worldwide functions and important market information, New Samsung has designed three exclusive advertising models to launch three in the same way high-tech, but different, products. Samsung motivates new way of life and concepts of life all over the world.

Through effective, different methods to personal market segments it has handled its business perspective - to devote its hiring and technological innovation to the growth of a worldwide group through ever better products and services Samsung should control the oversupply of their products as compared to the market demand and are also should control indirect expenses cost and should focus on the Indian market in which growth opportunity are available for Samsung. And should also strong the profitability ratios and charged a reasonable premium on high tech products. And should make policies for the betterment of their liquidity position.

Samsung organization is one of the greatest advanced product makers on the planet. To utilize its overall capacities and critical business sector data, Samsung has planned three select promoting models to launch three in the same way innovative, yet distinctive, items. Samsung rouses better approach for life and ideas for life everywhere throughout the world. Through powerful, distinctive systems to individual business sector it has taken care of its business ideas - to give its enlisting and innovative development to the development of an overall gathering through ever better items and administrations Samsung ought to control the oversupply of their items as contrasted with the business request and are additionally ought to control aberrant costs expense and ought to concentrate on advertise in which development open door are accessible for Samsung. Furthermore ought to likewise solid the benefit proportions and charged sensible premium on innovative items. What is more ought to made polices for the wellbeing of their liquidity position. Samsung should produce those products that last longer and longer to differentiate itself from competitors.

Samsung's Mission statement is "At Samsung, we follow a simple business philosophy: to devote our talent and technology to creating superior products and services that contribute to a better global society."

Samsung's statement is clearly too short and doesn't provide enough information about what the company does or why it does it. The statement was evaluated 1.6 points because it only includes three essential components out of nine and has a customer-oriented philosophy. Customer-oriented statement defines organization's purpose in terms of meeting customer needs rather than focusing on what products to produce and services to serve. Samsung also doesn't mention in their philosophy any of the values we use in our evaluation but the company provides them separately:

- People
- Excellence
- Change
- Integrity
- Co-prosperity

These values show what guides Samsung's actions and decisions. The company mentions excellence, integrity and co-prosperity (or citizenship) as their values, which should have been included in their mission as well. In overall, Samsung's philosophy does a poor job in revealing its core purpose to company's stakeholders.

Samsung's Weaknesses are:

Samsung is facing hard competition.

South Korea's labor unions are strategically linked for collective bargaining and negotiation.

Samsung need improvements in defining the vision, mission and strategic corporate objectives.

HRM also needs improvement in all the facts of human resources management.

Samsung's Strengths are:

Customers are loyal and appreciating the brand.

The company is maintaining very good relationship with its suppliers.

The production processes and procedures of inventory management are consistent with industrial standards.

Samsung's Opportunities are:

The economic condition of South Korea seems favorable.

Samsung is interiorizing the social shifts.

Samsung is reasonably equipped to take care of technological changes. Samsung is maintaining good international relationships with others.

Samsung's Threats are:

The legislation has been passed frequently related to industry.

Technological transformation takes place in the industry was very high.

Regulatory issues and safeguarding of property rights was main threats in legislations.

Conclusion to SWOT. Samsung is a company that focuses on a technology. The company has conducted various improvements making it a company with well-known products. Strategies performed has a tremendous impact on its' achievements. It focuses on brand image, product innovations, sponsorship, R n D, and design, which all of them reveal a good result. Even so, old Korean culture still firmly attached, which has impact on the management style making it not flexible.

The company is focusing on five major aspects, there are :

1. Hardware. Samsung emphasizes more on hardware production and chooses not to develop software proprietary and content such as music, movies, and video games. Although software is estimated to have a greater margin in profit and a longer cycle economically, however, Samsung has its own strategy to focus on hardware and its' devices and will collaborate with content providers when has been considered as feasible.

2. Vertical integration. Samsung has their external supplier outsourced while taking their attention more serious on an independent manufacturing activity. Samsung thinks that by controlling the manufacture independently, they can gain much on advance products. Samsung therefore is brave enough to invest their funds on chip manufacture. Samsung has great concern to have a low-cost as possible for their operation. This revealed on their choice of location, whereas Samsung operated 12 factories in China and India on 2003 with the objective is to have high profits with low wage rates particularly on technology sector.

Samsung's clever was act manifested in how they prevent their commodity from stuck, by customize/ combining production as many as they can. As an example, half of their memory chips produced were special order made for Dell, Microsoft, and even Nokia. As a result, Samsung's average price is 17% above the industry level.

3. Digital Product Innovation. Samsung is very fond of innovation, one of them are by doing changes in technology from analog to digital. Focusing on the investment of digital technology products, Samsung therefore can put their products into premium class. Samsung also applies Sashimi theory, that is, selling the product with high price on the launch day while it's still fresh, and decrease it dramatically afterwards.

4. Product Diversification. Samsung aims to raise profit and price by selling its' high quality products, not only for those with new technology, but it also includes design as well. This of course requires an innovative strategy that can generate new interesting products. CEO Yun has decided that Samsung will only sell high-end devices, thus requiring a high value of investment in terms of research. Such innovation about design applied not only for final consumer products, but also for important inputs. Consequently, this diversification has made Samsung different from its' competitors, making it able to penetrate to each category of electronic products. Diversification also enable Samsung to have part on chip cycle which also utilized by several other electronic producers. With a detailed product positioning strategy, Samsung will then be easier to market their products to the right segment.

5. Digital-Convergence Strategy. Samsung has focusing its company to play role on digital technology products. Not only that, Samsung also manage to become a leader on digital era. Samsung's digital convergence refers to two trends, that is, combining several technologies into one major product and several technologies into one network. As an example, Plam OS which is combined with a cell phone and a cell phone which is combined with a camera as of SPH-i700. By focusing on digital technology, ultimately this can lure the network everywhere.

Recommendation section includes the recommendations concerning strategic management, recommendations for economic activity improvement at Samsung Electronics Company and recommendations for economic activity improvement at Samsung Electronics Company. There are the 2 recommendations for successful operations of the company:

1. implementation of marketing strategies for Samsung in the smartphone market;
2. establishing eco-management Samsung Electronics strategy.

We chose to focus on the marketing strategy implemented by Samsung for its smartphone products, because the purpose of marketing is to act in a way that a company delivers products in the market that they correspond to demand.

The purpose for this research is to explore the marketing strategy of Samsung, and the particular introduction decisions of the company when marketing its smartphone products. The goal of this analysis is to understand whether there is evidence to conclude that Samsung's performance in the smartphone market has been positively affected by the marketing strategy decisions and implementation. The research questions are:

What are Samsung's goals in the smartphone market, and how does it want to achieve them?

What are consumer perceptions to Samsung marketing strategies?

What are the marketing strategies of Samsung Galaxy devices that may have caused its growth in the smartphone market?

We recommend that, in the introduction stage of a smartphone, a company can choose between niche strategies, with the marketing mix suited for particular market segment. This may include, low or high price, and can be used by big or small business. Also find it appropriate to use the differentiation strategy instead of penetration strategy, which is good for different business sizes and price levels. However, recognized the need in the smartphone market; a company needs to use the differentiation strategy with aggressive marketing mix. This is because of the competition in the smartphone market and strong trend of coping within the smartphone industry.

Samsung has managed to achieve its ultimate goal to make galaxy series a lifestyle. They have also managed to gain new consumers by focusing on the multi attribute approach which features the attributes about the Galaxy lines that fit its consumer's lifestyle.

Samsung Electronics must implement green management practices for sustainable development by actively analyzing the impact we make on the environment and assessing management risks associated with those impacts. We considered a wide range of our economic, social and environmental impacts and formulated a systematic green management strategy to adapt to changes in the market environment. We conducted materiality tests to assess key risks identified while developing our green management strategy and prioritized them for more effective management. Details on our green management strategy formulation process and priority risk management activities follow.

Samsung Electronics must establish its green management vision based on our underlying philosophy of helping to build a prosperous society and preserving the environment through business activities that give due respect to people and nature. In my mind, green management activities must reinforced under slogan of 'PlanetFirst.'

Conclusion includes a summary of project management research at PepsiCo Company.

SUMMARY

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“An investigation of strategic management in the organization of Samsung Electronics”

[Manuscript]: a comprehensive thesis for obtaining the qualification of master's degree

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Master degree thesis consists: 159 pages, 12 figures, 15 tables, 2 additions, 65 references.

The object of investigation is the strategic management at Samsung Electronics Company.

The aim of the work is paper is to improve strategic management at Samsung Electronics Company.

Research methods cover the statistical method and comparison analysis.

The meanings and definition of strategic management, theoretical review of strategic management and factors affecting strategic management activities have been described. The introduction of Samsung Electronics, SWOT-analysis of the industrial and economic activity of Samsung Electronics Company, and analysis of strategic management at Samsung Electronics Company have been done. The theoretical recommendations concerning strategic management, economic activity improvement at Samsung Electronics Company has been proposed.

Keywords: enterprise development, strategy, strategic management, strategic planning, evaluation of enterprise, development strategy of the enterprise.