

Strategic Decision Making- Samsung Is A South Korean

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Task 1

Part A

Introduction

Strategic planning plays a crucial role in the effective functioning of the business (Wilson, 2015). Implementation of appropriate marketing and organizational strategies facilitates the business operations and helps in meeting the expectancy level of customers.

The present report is based on one of a leading company of electronics industry, Samsung. **Company**

Samsung is a South Korean multinational company founded by Lee Byung-chul in 1938 (Britannica, 2018). In the late 1960's the company entered into the electronics market and in the mid-1970s construction and ship-building industries. The company offers a wide range of products such as mobile, television and home appliances. Samsung industrial affiliates include Samsung electronics, heavy industries, engineering, life insurance and Everland (Samsung, 2018).

Industry background

The electronics industry has emerged in the 20th century and now became a global industry of billion dollars. The industry is concerned about the creation of new technologies and innovations which consumers are using now and will be needed in future. The main emphasis of the industry now is on wireless charging and internet things. There are various categories of the electronics industry, such as Semi-conductor Company and consumer Electronics Company.

Part B

Organizational strategy

An organizational strategy is the sum of all the actions which are taken by a business entity in order to accomplish its long-term goals. Samsung establishes itself as the leading player in the electronics industry. This is because of the clear vision, well-defined objectives and successfully implementation of the organizational strategy of the company (Wilson, 2015).

In the current competitive market, to implement appropriate strategies for selling and marketing is essential.

The main strength of the company includes its strong global business network, innovative creations and brand name. The major strategy of the company is:

- Introduction of innovative technologies
- New products
- Creative solutions

Furthermore, Samsung adopts cost leadership and differentiation strategy to compete in the market. By charging low prices in the market, the company is able to attract customers, and by regularly creating innovative technologies, Samsung is using both these strategies to make the company competent (Smith, 2014)

The company uses SWOT analysis to analyze the opportunities and capabilities of the firm along with it also helps in emphasizing the weaknesses and threats of the entity.

After appropriately analyzing the capabilities and weaknesses, the organization is able to respond to the external environment as well as utilizing and improving the strengths and weaknesses respectively.

The company emphasizes its effective marketing strategy which encourages customers to purchase the products. The marketing strategy of Samsung includes target market and segmentation. The company targets mainly youth and technology lovers. The marketing mix factors of Samsung are a product, price, people and place.

To attain strategic competitive advantage the company mainly emphasizes its general external environment which includes, PESTLE analysis. Proper identification of political, economic, social, technological, legal and environmental factors helps in analyzing the impact of external environment on business. Secondly, the focus of the company is on five force analysis. This tool is used by the selected company to identify and analyze the competition in the business. Furthermore, the strength and weakness of the existing and potential competitors are done by the company. Having in-depth knowledge about the competitors helps the company in making effective strategies and framework to compete and also, enhances the chances to attract more customers (Abdel, Maksoud, Elbanna, & Mahama, 2015)

(a) Internal environment analysis

Vision

Samsung's mission is to have focused on building a better relationship with customers so that brand can become a leader in the market. It means Samsung is looking forward to improving its brand image and lead a business to an impressive level of success.

Mission

Samsung is focused on creating a world that uses its products for every purpose. It means a company is considering a commitment factor to enhance community lifestyle with creative solutions and innovation (Baker, 2014)

Culture and structure

Considering the vision and mission, the business firm is continuously focusing on improvement in product line so that critical measures can be accomplished. By promoting innovation in a product, the company is looking forward to efficiently meeting target market needs. Employees are highly motivated within an organization because leaders are referencing participative practice (Bensoussan & Fleisher, 2015). It is one of a crucial reason behind the success of Samsung. A

workforce is free to share their views so that changes in product feature can be advanced to enhance the experience level. Employee satisfaction is also high that assist in gaining competitive advantage. A company is offering impressive competition to its rivals by focusing on industrial improvements and measures.

Value chain analysis

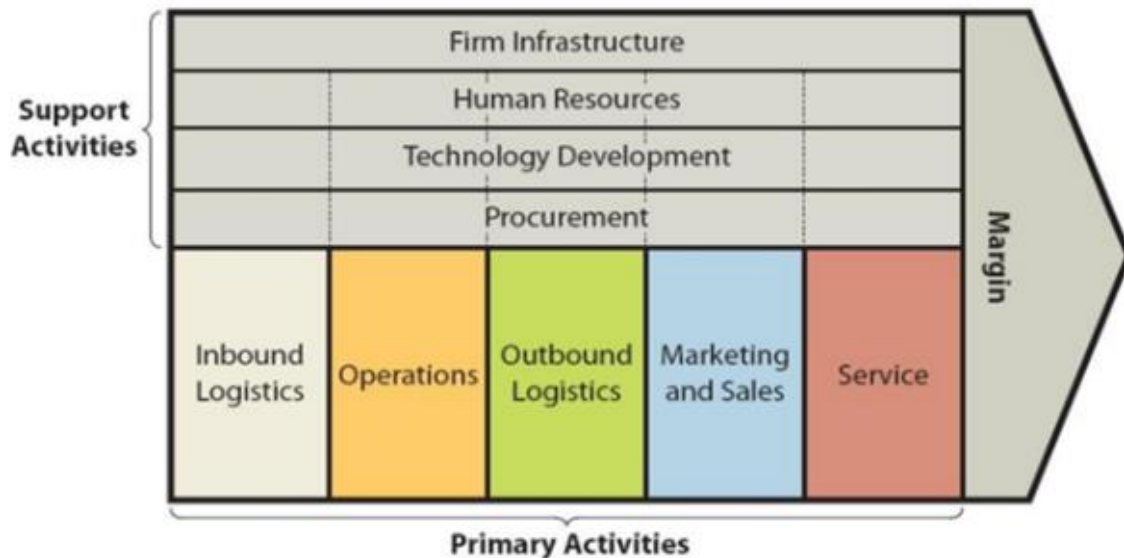


Figure 1: Value chain analysis

(Source: Strategic Management Insight, 2013)

Samsung inbound logistics is highly dependent on effective relationships with suppliers (Bensoussan & Fleisher, 2015). It helps to make sure that standards are properly followed so that operational value can be well maintained. Along with this, company operations are mainly classified into three sections such as IT and mobile communication, consumer electronics and device solutions. It also helps the business to expand opportunities in diverse sectors. Outbound logistics is focused on the negotiation of payment and collections. It means the integrated practice is being promoted by the management to ensure sustainable development (insight, 2013)

Samsung marketing and sales are highly dependable on consumer wants, so the business firm is focused on needs identification process. It is also a key reason behind continuous changes in a product line and its price to meet the requirements. Company service standards are considered with high standards because its stores are located in diverse locations. It allows customers to reach executives in a better way so that their issues can be resolved (Cabantous, Loch, & Runde, 2016)

(B) External environmental analysis

Identifying and analyzing the external business environment is significant for the successful conduction of business operations. A systematic and detailed study and analysis of macro-environment are called PESTLE analysis. This includes various factors such as Political, Economic,

Social, Technological, Legal and environmental factors, which affects the organization. These are the uncontrollable factors which create a major impact on the functioning of the firm.

Political/legal factor

Political factors have a deep impact on the companies and business entities. The impact of political factor can be felt regarding trade relations among countries. If the political relationship between the two countries is good, then it is easy to operate a business in that environment. Economy and governance play a major role in the successful functioning of the business. Legal factors also have a great impact on business entities. Laws and regulations changes or amends from time to time, likewise if the regulatory or federal bodies will implement a change in the industrial sector or impose some regulations on industries, then the company operating in the particular industry has also created an impact (Erickson, 2017)

The political environments affect the company's operations in several ways. Such as the decisions or regulations of government creates a great impact on the selected company. The political and legal factors which create an impact on the business enterprise are bureaucracy, employment law, health and safety law, import and export restrictions, tax policies, consumer protection etc. Political situations and political stability highly affect the operations of business performance.

Economic factor

For the effective conduction of business operations, a business needs to keep track of the economic conditions of the country in which the business is operating. The economic environment of the company can be further classified into micro and macroeconomic conditions.

The monetary policies all economic factors of the economy affect the business environment directly. Hence, it is essential for the selected company to keep an eye on the changing economic condition of the country (Grant, 2016)

The economic factors that impact the Samsung are the government economic policies, the rate of interest. The instability, employment and unemployment factors in the economy affect the company.

Inflation is the other factor; it occurs when there is a supply of excess money in the economy in comparison with goods and services. In this situation, the company needs to increase its prices for the survival and sustainability of the business. Consequently, there is a need for an increase in the cost of raw material.

Another impact on business because of the economic environment is the recession. The company has to face losses at the time of depression in the country. In order to cover you these costs, the selected company needs to cut down its advertising and capital expenditures, research and development activities, employee termination etc. all such factors affect the business environment irrespective of the size (Gu & Ji, 2016)

Social/cultural factor

These factors include the beliefs, values, attitude, and traditions of the people of a particular country. These factors highly affect the business entities. The socio-cultural perspective of people is the major influencer for purchasing behavior of customers. The major social factors which influence the customers of Samsung are the income level and wealth of people, their educational level, health consciousness in the society, consumer priorities etc.

The income level of the consumer decides that product needs to buy or not, if yes, of what price etc. The changing preference or demand of the consumer creates a significant impact on the business of Samsung. Thus, it is essential for the company to keep knowledge of customers in order to provide the things they require. The cultural factors affecting Samsung includes lifestyle, fashion, advertising media etc.

The customers get easily influenced by social media and television advertisements. The customers can get attracted to the other product advertisement and end up purchasing that product which can create an adverse effect on the business environment (McDonalands, 2016)

Technological factor

The success of modern businesses highly depends upon the advanced technology they use. The advanced technology a business entity adopts, high the chances of its success and vice-versa. Therefore, the changes in technology influence the working of the business organization.

The major technological factors affecting Samsung are the use of the latest technology, engine efficiency, internet connectivity, automation, security etc. (Tikkanen, Churakova, & Jaakkola, 2016).

The use of highly advanced technologies ends up creating an innovative product which attracts the consumers and enhances the sales volume of the company. Moreover, effective use of technologies creates an easiness and convenience in the business operations and work processes of Samsung. The successful use and implementation of technology help the company in expanding its business locally, nationally and globally. The use of technology helps the customers to purchase the products via their laptops and smart phones which enhance the sales volume of business. Moreover, because of it, facilitation of communication is possible.

Above mentioned are the uncontrollable external factors which create a direct and indirect impact on the business operation and process (Mertler & Reinhart, 2016)

(C) SWOT analysis

SWOT analysis is the most used strategic planning tool. The SWOT analysis is used by Samsung in order to evaluate the business environment appropriately so as to take the future actions. It also helps the company to identify the threats from the competitors. The SWOT analysis of the company is as follows:



Figure 2: Components of SWOT analysis

<p>Strength</p> <ul style="list-style-type: none"> • Strong business network • Large brand name • Inspiring new styles and innovations 	<p>Weakness</p> <ul style="list-style-type: none"> • Limited potential for growth • Availability of substitutes • Changing interest of customers
<p>Opportunities</p> <ul style="list-style-type: none"> • New technologies • More focus on R&D • Growing online market 	<p>Threats</p> <ul style="list-style-type: none"> • Existing and potential competitors • Recession • Intense price competition

The strengths of Samsung are the major factors for its success in the market. The company has a global strong business network. The company has a worldwide customer base and provides its products throughout the world. Samsung is a leader in the electronics market. Though a large brand name, customers trust the product and have a cover a significant market share. Moreover, it has a wide variety of product portfolio such as mobiles, television, home appliances etc. Furthermore, the primary attribute which attracts the customers towards the company is its focus on innovation, its design and technology (Mertler & Reinhart, 2016)

In the electronics market, there is a huge range of variety of brands available. Hence, customers have the choice to select from various alternatives. The major weakness of the company is that the demands and desires of the customers are not constant. The company has to offer products according to the changing of needs of customers otherwise customers will shift to another company.

In the present competitive market, there are a lot of opportunities available for Samsung such as the company can emphasize more on its research and development department in order to offer customers moiré innovative products. The e-business is growing very fast. The company can use an online platform for further expansion of its business (Paley, 2014)

The present business environment is of cut-throat competition. Hence the entry of new competitors or the existing competitors is a threat for Samsung. The price competition also can prove a threat to the selected company, as customers can move to the products or company which has low prices.

(D) Porter five force model

In order to have an effective understanding of organizational performance and industrial values, it is necessary to focus on the five-force model. It is advantageous to break down the business procedures of white merchandise producers like Samsung. This instrument is a helpful strategy to evaluate how every one of the market drivers affects the organizations like Samsung and afterwards dependent on the examination, reasonable business systems can be conceived.

Industry rivalry is highly competitive in the market because it their number of businesses that are operating in the industry. Samsung is facing high competition from brands like LG, Apple, etc. It means company need to focus on decision making according to consideration of competitors practice. Overall development must be taken into account as per an analysis of its competitors to meet outcome (Smith, 2014)



Figure 3: Porter's five force model

A barrier to entry in the industry is also high because the sector demands an impressive level of investment for setting out a factory or division. Technological factors need to be developed in an

effective manner that demands diversified investment, so it can be a challenging task for small firms or new entrants to arrange that financial risk in a competitive market.

Power of buyer can also be ranked as high because there is a number of brands that offer the same product line in the market. If Samsung is not offering product and prices according to need to customers, then it might be possible that they are switching to another brand. Brands like Sony LG and Apple are always playing their cards to break customer base of Samsung concerning product or price. It means management must provide services to customers as per their needs for competitive advantage (Thompson, Wylie, Mulhern, & Hanna, 2015)

Power of supplier can be referred to as low in case of Samsung because various suppliers offer raw material and services in the industry. By having an effective bargain with suppliers, the company can save its cost on expenses. Optimum utilization of resources can be boosted through consideration of high bargain with a supplier.

A threat of substitute is an element that also impacts the business opportunities in a different manner, so management needs to ensure it. Substitute's products are available in the market, so a customer can efficiently use those services if Samsung is not providing better support. It means the treatment of substitute in the industry is high as small brands and local manufacturers are also competing in the market (Tikkanen, Churakova, & Jaakkola, 2016)

(E) Conclusion

In the present competitive business environment, organizational strategy is very important in order to operate business in an effective manner. The planning and strategies help in successful conduction of business operations.

It can be concluded from the above report that the external environmental analysis, competitor analysis, SWOT analysis are the significant factors to run a business entity. Moreover, the mission, vision and core values must be specific and well defined in order to attain pre-determined organizational objectives.

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