

Samsung electronics assignment



**ASSIGN
BUSTER**

Though the electronics industry seemed promising in the 1970s, none of the Korean firms had advanced technology. Samsung began by producing low-end black-and-white televisions in a joint venture with Sanyo, a Japanese electronics company. With NECK, another Japanese firm, it produced Braun tubes and kinescope tubes.

After three years, it began to produce black-and-white televisions under its own name, "Samsung." In the 1980s, it began producing other home appliances, including washing machines, refrigerators, color and microwave ovens.

During the 1980s, it expanded its business lines to personal computers (1983), semiconductors, and telecommunication networks and devices (1988). For years, Samsung was regarded as a low-end product manufacturer that made cheaper alternatives to the high-end Japanese products.

Its products were not considered to be very reliable, and it did not have a very strong reputation amongst consumers. By the end of 1992, however, the company emerged as a leading semiconductor manufacturer in the DRAM (Dynamic Random Access Memory) market. It was the first case in Korea that Samsung, a domestic latecomer, successfully caught up incumbents and even became better than them in the world market. Behind their success was the management's strong drive to develop the semiconductor business into a truly world-class business and the company's future growth engine.

Samsung's system of group-wide coordination and governance enabled Samsung to concentrate its resources in the semiconductor business, which required enormous investment. For technology transfer, Samsung relied on

technology licensing, established an R&D center in Silicon Valley and invited Japanese engineers to Korea on weekends to instruct Korean engineers in semiconductors. To secure human resources, Samsung recruited many Korean-American engineers with semiconductors expertise, offering them attractive compensation and benefits.

Despite a major surge in its semiconductor business, Samsung was losing money in its appliance business during the mid-1990s, as it had not managed to improve the quality and image of its products. Moreover, the Asian financial crisis of late 1997 deteriorated the situation further, causing profits to drop from \$194 million in 1996 to \$87 million in 1997. To cope with its difficulties, Samsung launched a bold restructuring initiative in 1997. The initiative aimed to restructure the company in accordance with "global standards. The company laid off 16,000 employees during the first year, and it sold or spun off unprofitable business units and manufacturing facilities. It also shifted more of its resources to the LCD (Liquid Crystal Display) and mobile phone businesses in order to diversify its revenue sources, which had previously relied on the semiconductor business. The emphasis on profitability and shareholder value was not typical of Korean firms at that time. The company's unyielding emphasis on quality, innovation, and globalization resulted in significant changes within the organization, and galvanized its foundation for future growth.