

# Principles and concepts of strategies business essay



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Samsung group is a South Korea multinational conglomerate company headquartered in Samsung town, Seoul. It is a big conglomerate industry involving numerous subsidiaries and affiliated business. It is the largest South Korea chaebol. Samsung is not same as others electronic companies, it is not involving electronic but other product in the past.

In 1938, Lee Byung Chull as the founder of Samsung had set up a trade export company in Korea. The group diversified into many areas including textiles, insurance, food processing, security, media, chemicals, retail and ship building over the next three decades. Following Lee's death in 1987, Kun Hee Lee took over as chairman and Samsung started cleft into 4 business group, Samsung group, Shinsegae group, CJ group and Hansol group. In 1990, Samsung began to expand business and globalised its activities and electronic, particular mobile phones and semiconductors in US, UK, Germany, Spain, Thailand, Mexico and China until 1997. Since Samsung developed the 'lightest' mobile phone of its era, they concentrated in developing smart phones and others electronic product at the end of the 20th century and always made a steady growth in the mobile industry over others competitors.

Samsung\_Logo. svg. png

The opening on the both ends of the ellipse where the letters 'S' and 'G' are to illustrate the company's open-mindedness and the desire to communicate with the world. The current logo of Samsung is design as to emphasize simplicity and flexibility while conveying a innovative and dynamic image through the ellipse, the symbol of world stage.

## **PRINCIPLES AND CONCEPTS OF STRATEGIES**

Samsung applied corporate, competitive and functional strategy in the business. Corporate strategy is an organization strategy that specifies what business a company is in or wants to be and what it wants to do with those businesses. Corporate strategies involve growth strategy, stability strategy and renewal strategy. Samsung using growth strategy to expand the number of markets served or products offered. Activities like concentration, vertical integration, and diversification is a part of growth strategy. Samsung using the concentration strategy to increase its primary line of business and focus on the growth of single product line. Samsung has vertically integrated its operation that involves components and finished product of electronic goods. Samsung only adopted backwards integration to help involving their products in processing, producing and manufacturing. The vertical integration strategy of Samsung was extended quite early to embrace semiconductor technology. The successful diversification also became a growth strategy for Samsung because it rapidly expanded in insurance, securities and retail business. By adopting stability strategy, Samsung will retains its present strategy and continue to do what it is currently do like continues focus its present electronic goods to ensure the level of effort is maintain. Besides that, Samsung today success was built on the decision to aim higher in 1997 by using renewal strategy.

Those decision that deciding how organization compete within strategic business unit (SBUs) or each line of business and determine how organization will compete in its business is competitive strategy. Samsung need to understand the competitive forces which are Porter's five forces that

determine intense of competitive forces. If Samsung profitability is above the industry average in long run, that means Samsung achieve sustainable competitive advantage. Three types of competitive strategies is cost leadership strategy, differentiation strategy and focus strategy. In cost leadership, Samsung compete by having the low cost production in the electronics and phone industry because of its structure way in accessing raw materials. After joint R&D, Samsung get larger internal economies of scale and ownership of technology. Samsung applied the differentiation strategy and competing based on the basic of having unique electronics and phone products that are widely acclaimed by consumers. It offers a warranty that no competitors have ever given in automobile industry. Innovations in the technological area giving Samsung products a new look of design, stability and comfort ability. In focus strategy, organizational competing in a narrow segment or niche either cost focus or a differentiation focus. Samsung pay attention to every segment and different class of consumers such as low income, middle income and high income. Samsung pays them more in profitability and market share.

Functional strategy also known as operational strategy is short term and goal-directed decisions strategy. It used in Samsung's various department and determine how well each functional area carry out their own activities effectively and maximize resource productivity that they contribute to attain Samsung goals.

## **Samsung's operation**

Samsung is a Korean-based consumer electronic company and the one who lead in digital technology advance. It has been committed to making a better <https://assignbuster.com/principles-and-concepts-of-strategies-business-essay/>

world through diverse businesses that evolution advanced technology, semiconductor, petrochemicals, medicine and more. The flagship company in Samsung is Samsung electronics, which leads the global market in high-tech electronics industrial and digital media. Samsung products are held to the highest standard and highest quality so that can contribute to a better world effectively. Samsung has followed the business philosophy that allocate talent, technology and resources to creating superior product and services that able to bring it arrives a preferred state and then contribute to a better global society. Samsung dedicated to fulfill social responsibility and being environmentally responsible corporate where it operates around the globe. The motto of Samsung Company is, “Inspire the world, Create the future.” that Samsung believe in innovation and keep looking for new technology to grow their business.

Samsung have using the corporate strategies develop the operation of company. Corporation strategy is based on the mission and goals of the organization and the roles that each business unit of the organization will play. Three main types of corporate strategies are growth, stability and renewal. Growth strategy mean to an organization expand the number of market served or product offered. Samsung is dedicated to developing innovative and progressive technologies and efficient process that create new market there is not only expanding in electronics product but also advance to another industries such as health care, medicine and others. Samsung also using the stability strategy which means to continue to do what it is currently doing. Samsung lead the electronic industry with its high performance and high growth rate which working stability.

Besides that, Samsung company also using the competitive strategy which a strategy for how an organization will compete in its business. Samsung's competitive advantage related to the unique breeding environment for innovation and usefulness of the R&D and production should have been well-maintained. Samsung have using the differentiation strategy which that offering unique product that is widely value by customer or it might come from high quality or innovative design. Example, " Smarter Life" theme was presented recently in Samsung. It is based on the innovative approach in improving the company's current products and creating new product to the market. Lastly, Samsung Company will use the functional strategy which the strategy used in an organization's various functional departments to support the competitive strategy.

## **Finding**

Samsung is one of the well-known electronic company and successfully expanding its business line in numerous different markets. Although adopting backward integration in their products in process, producing and manufacturing, there are still have many problems of their electronic product, such as battery drain, overheating, wifi dropping and audio and microphone problems.

Some users experience in a surprising battery drain on the Samsung smart phone, even when the phone is not in use. This cause the battery of the phone draining out very fast and this problem will cause many problem occur to the Samsung phone users. The overheating of the components may lead to crashing and freezing of application and system. The overheating is often due to the long duration usage of phone especially gaming. According to a <https://assignbuster.com/principles-and-concepts-of-strategies-business-essay/>

report, there are majority of customers complain about the Samsung smart phones have successfully connected to Wi-Fi but later on its signal drops easily and this issue is really annoying the users. Recently, we found that there are many complaints according to the Samsung smart phone's audio and microphone issues since the signal strength is dropping immediately after calls and cause many inconvenience for users.

Green management is implementing by Samsung by creating an international level of safety and international system has its roots in Samsung's principles of ' pursuing environmentally friendly management and valuing safety and health of mankind. However, Samsung faced many problems which collide with its principles.

First of this is Samsung implicate in labor violations in China. China Labor Watch Group doing an investigation report into eight factories in the country and found that there were six of which were owned by Samsung. The report reveals that the staffs were being forced to work around 100 hours of overtime each month. In some instances, workers were given only one day off a month and there were also an overtime cases which the staff working reach 186 hours in month of peak demand. But in general, workers forced to choose to work the extra hours to supplement their low salaries which can vary between US\$200 to US\$250 a month whereas for doing overtime during the busy seasons, the wages can up to US\$600 to US\$800.

Besides that, Samsung also accused in hiring underage workers. China Labor Watch Group claimed that it had found seven workers under the age of 16 at a Samsung supplier in August based in the city of Huizhou. They also pointed

out the recruiting ages range can sometimes between 16 and 23. Hiring underage worker is for their own economic interest, the industry will create fraudulent IDs in order to get the child labor. They do not carry out a strict inspection and places undue pressure and paperwork on employees who wish to resign.

Samsung are slam for alleged worker mistreatment. The worker forced to working in an environment with tightly shut windows resulted in poorly ventilated facilities. Plans for staff injuries, medical treatment and potential fires are allegedly lacking and there have no infirmary or medical kit and a single fire extinguisher for the 1, 100 person facility. This is strongly threatening the safety of workers, if any happened without premonition will cause a giant losses and serious impact to the image of company.

Furthermore Samsung also involving in environment health issue. Worker groups in South Korea report an unwonted high incidence of cancers and other serious diseases among employees at Samsung's semiconductor industry. According to corporate Social Responsibility employees that cleaned wafers at Samsung industry are having unusually cases of cancer. There are also many discoveries cases about menstrual irregular, musculoskeletal pain and disorder, various skin diseases, chronic headaches, nose bleeding, lymphoma and brain cancer of workers which working in semiconductor industry. Min Woong Hwang, an engineering in the same industry died from leukaemia in 2004. In others cases, three employees in four-man team constructed leukaemia, malignant melanoma and Wegener's granulomatosis ( a disorder characterized by inflammatory destruction of blood vessels ).

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## **Recommendation**

### **Problems of product**

Samsung need to enhance the quality of the function of every product.

Retain the engineering and operator based on their genuine related certification of skill. Poor training might be the cause of substandard quality of the product and also affect the production time. Investing in proper and suitable training for new hires can eliminate costly mistakes and make sure that the work and thing getting better and done right in the first time and to upgrade workers own personal skilling. For considering designating one person as a trainer, is more preferably someone with experience and expertise in company process.

### **Labor violations**

Strengthen the Government Enforcement of Employment and Labor Laws. Government enforcement is the cornerstone or bedrock of any feasible response to workplace violation, is just as the need for workers protections has become more acute, enforcement of laws effort at both federal and state level have weakened. The most important thing is public policy must recognize the significant power and resources which reside with the various agencies or department responsible for enforcing wage and hour, prevailing wage, health and safety and anti-discrimination. Pay workers according to nature of their jobs, their tenure with the company and their experiences. So, a vibrant, strong employment and labor laws must be coalescent into the broader policy agenda.

## **Hiring underage workers**

Prevent hiring underage workers, department of human resources of company must alert to all new hires. Is best to perform face-to-face IDs checking, ensure that there do not have any fraudulent IDs allowed in company. While doing interview, the staff must reviewing the human resources records or resume of the new hire and conducting interview with student workers. Besides that, the company must give a strictly punishment to the person who intent to hiring underage workers. This is a serious mistake which will give a bad impact to the image of the company.

## **Poor working condition and environment issue**

Every company benefits when its employee are happy with their working environment. Comfortable, interested and appreciated of the work can be determined by many factors. Improving the working condition such as amending the ventilation of industry and give a periodical medical checkup and a better plan to protect the welfare of the employee. Encouraging and rewarding help employee more forward and do thing even better. They will feel about their effort is being recognized and they are needed by the company.

## **Conclusion**

Samsung is a very successful company in electronic product field. A good and efficiency management system implement by Samsung made them getting things done, efficiency and effectively. From this assignment, we knew that a successful company is not easy to manage well, there will be many critical problems happened without any premonition. So management

function is well performed by Samsung. There are planning, organizing, leading and controlling. Samsung group have set up their own goals, establishing many suitable strategies in every development and expanding project. All the managers also doing fineness in arranging and structuring work to accomplish their company goals and monitoring, coordinate and correcting work performance of employees to ensure that their company ranking a high-competitive capability among others competitors such as Apple and Nokia.

In the conclusion, we knew that studying management is very important. Because it provides skill and responsibilities, how organizational function and how people behave in the workplace.