

Capstone Project: Strategic Management of Apple Inc. and Samsung Group

Introduction

Strategic management is an essential concept in the success of any business. It is especially vital for the corporations that operate on the international platform. It offers a company the competitive advantage required to acquire a target market, and retain it over time. Apple Inc. and the Samsung Group are some of the leading companies globally offering different products; mainly in the computers, mobile communication and electronics industries. Apple Inc. has been operating for almost four decades, and it has proved to have innovative strategies. Initially, the company had a strategy, which many perceived to be “uncooperative,” as the former CEO, Steve Jobs did not want the sharing of software with other companies. As a result, the company’s products use exclusive software from Apple Inc., which ensures that the needs of their clients cannot be met by the existing competition. Therefore, even if the products are highly priced, the clients will still be willing to purchase. Since its inception in the 1930’s, Samsung has operated in different industries and it is not until the 1980’s that it joined the electronics sector. It has adopted a cost leadership model throughout its lifetime and aims at being a low-cost manufacturer in any industry where it operates. The current paper will delve into the strategic management approaches employed by Apple Inc. and Samsung Group in order to understanding their reason for their success and the hardships that they have faced.

Analyze the existing business strategies, domestic and global environments, industry, and internal capabilities for both Apple and Samsung. Assess the significant manner in which each company’s mission and vision align with the long-terms goals and strategic direction of the organization.

When Apple Inc. began its operations, its strategy was considered uncooperative as it focused on not sharing their software with other companies. Usually, a differentiation business model offers a

competitive advantage to companies as its focus is on the satisfaction of clients' needs, which cannot be satisfied by another company. The approach taken by Apple Inc. failed to work and its initial hand-held device called Newton did not succeed. The strategy was initialized by one of the cofounders, Steve Jobs, and it led to disagreements at the executive level, which led to the exit of Jobs from the company. The directors were campaigning for a cost leadership strategy similar to what Dell, their main competitor in the 80's, used while Job's strategy aimed providing low-cost products. The return of Steve Jobs led to a change in the system and the company focused on a differentiation strategy. Its vision and mission express its commitment towards the provision of the best user experience to the clients through its products and services.

After joining the electronics and semiconductors industries, the Samsung Group aimed at the development of low-cost memory chips and LCD displays for devices that had colored screens. it adopted the cost-leadership strategy in the 1930's as it focused on portraying itself as a low-cost manufacturer. The cost leadership strategy focuses on all business aspects to make sure that the cost of production is as low as possible in order to outdo the competitors in sales (Hill & Jones, 2013). The company is dedicated towards the development of innovative products that meet the dynamic needs of the clients, especially, in the digital era. The company's vision and mission aim at making sure that the company becomes an industry leader by surpassing the competition within the next half-decade. It remains conscious of the global economic changes, and believes on the importance of the development of new technologies (Samsung, 2014).

Analyze the business-level strategy of each company by conducting a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. Next, determine the fundamental way in which each sector influences its competitive position within the industry. Provide rationale to support the response.

The business-level strategy at Apple Inc. is differentiation while that of the Samsung Group is cost-leadership. Table 1 and 2 represent the SWOT analysis for Apple Inc. and the Samsung Group respectively.

Apple Inc. SWOT Analysis	
<p>Strengths</p> <ul style="list-style-type: none"> ● Mobile devices innovativeness ● Available capital ● Global leadership ● Impeccable customer service ● Brand loyalty ● Physical and online accessibility 	<p>Weaknesses</p> <ul style="list-style-type: none"> ● High prices product prices ● Operating systems that are incompatible with other devices
<p>Opportunities</p> <ul style="list-style-type: none"> ● Increased demand for new technologies that can compete against the Android OS ● Development of cloud services ● Positive reputation from patent infringement cases 	<p>Threats</p> <ul style="list-style-type: none"> ● Growth of the Android operating system ● Existing competition and entry of new rivals ● Patent infringement from competitors

Table 1: Apple Inc. SWOT analysis

Samsung Group SWOT Analysis	
<p>Strengths</p> <ul style="list-style-type: none"> ● Low production and products cost 	<p>Weaknesses</p> <ul style="list-style-type: none"> ● Poor reputation from patent infringement

<ul style="list-style-type: none"> ● Available capital ● Low consumer pricing ● Global brand awareness ● Success in technology and engineering 	<ul style="list-style-type: none"> ● Some of the competitors are also its customers ● Numerous product lines that could lead to reduce its focus ● It does not own its software or operating system
<p>Opportunities</p> <ul style="list-style-type: none"> ● Development of an operating system ● Entering into new markets due to the popularity of smartphones 	<p>Threats</p> <ul style="list-style-type: none"> ● Competition ● Price wars ● Rapid technological changes ● Some of the competitors who are clients could use its patents to their benefit

Table 2: Samsung Group SWOT analysis

Apple Inc.’s unified operating system used by its products offers its competitive positioning. It used by all its devices making them attuned to one another and user-friendly. The concept offers Apple Inc. competitive advantage and loyalty from the clients. Its focus is to ensure that the clients need these gadgets for their daily use. The competitive positioning of Samsung Group emanates from its low-cost technology. It is successful in the development of gadgets, which get powered by Google’s Android operating system. The company can start developing its software to match the quality of their hardware.

Analyze the central manner in which the strategies of each company’s business leaders have adapted to cultural differences in order to both facilitate effective operations within global

markets and drive new strategic initiatives with improved innovation excellence. Provide one (1) example of such strategies in use from each company to support the response.

The business leaders at Apple Inc. have adapted to the cultural differences by promoting their visibility through advertisements and making slight adjustments in the prices of some of their gadgets in the international market. For example, Apple Inc. introduced the iPhone 5c, which possesses the memory chip of the initial iPhone 5, but it has a plastic phone casing instead of the usual metal casing. Consequently, the company was able to reduce its price. However, its premium pricing in general has been a challenge concerning the volume of revenue from the global market. Samsung Group's business leaders have succeeded with the cost-leadership strategy. The competitive prices have enabled the company to lead in the international mobile device market. The company also has an advantage as it deals in many products including televisions and other electronic appliances. An indication of the company's success is its topping the global smartphone market since 2011 (IDC, 2015).

Evaluate the superiority of each company's organizational competencies in terms of entrepreneurial capabilities, organizational design capabilities, and strategic capabilities geared toward increased performance and profitability. Include one (1) example of such superiority from each company to support the response.

Both companies operate through different divisions, and they have departments that concentrate on developing innovative ideas. Apple Inc.'s teams concentrate on design, software as well as, other organizational tasks that enhance the existing products and services. Through these departments, the company generates brilliant ideas that have led to the development of successful products, such as, the iPod and the iPad. Samsung operates through different companies that are under one corporation. Each of the companies operates in a specific industry and acts independently. For instance, the corporation has Samsung Electronics, which specializes in digital television

technology, printer software, and hard disk drives among other operations. Operating through different companies enables each one of them to concentrate in its industry and gain a competitive advantage.

Recommend one (1) appropriate new business strategy for each company that may maximize profitability and improved competitiveness in the industry. Provide a detailed rationale for this strategy.

Apple Inc. has been able to match the competition by developing the iPhone 6, which has a large screen. However, it could be beneficial to the company if it can also diverge into other industries by developing products, such as, speakers, headphones and other audio-visual appliances. Apple has a good brand image, and it would act as an advantage if it were on other appliances. It will enable the company to get cushioned from adverse economic effects in a single industry. Diversification will also increase the company's revenue through the increase in its markets.

Samsung has succeeded in joining the mobile device industry, but its devices are powered by Google's Android operating system. It would be an advantage to the company if it developed software that would be used by its devices. It would ensure that it has the overall control over the quality of the hardware, as well as, the software so as to compete effectively in the industry. It would also benefit the company by enabling it to have a differentiation strategy.

Evaluate the success of both companies' corporate-level strategies in terms of horizontal integration, vertical integration, strategic outsourcing, or diversification. Next, determine the type of strategy that contributed most effectively to the creation of a successful and profitable multi-business model. Provide a detailed rationale to support the response.

Both companies have concentrated on the vertical integration corporate strategy. They have less focus on the horizontal integration. Apple Inc. has made numerous innovations from the development and the enhancement of the personal computer. It has also been innovative in the

entertainment industry through the development of the iPod, and the iTunes. It also developed the iPhone, which was a revolutionary innovation in the smartphone industry. It is also effective in the development of software. On the other hand, Samsung has been in operation for more than seven decades having started as a dried fish distributor. It later started developing hardware and electronics (Kovach, 2013). Both companies have been successful due to their ability to diversify. Although they compete on different fronts, they also engage on business together as Apple Inc. purchases its data processing chips from Samsung. However, they have also had a court case regarding infringement, and Apple Inc. won (Elias, 2014). Both companies conduct market surveys to identify what the clients want and produce it. The features of their smartphones are almost similar, with the main difference being their operating systems. It has led to massive competition as each company aims at releasing the best smartphone. Apple Inc. has a series of the iPhone model, which compete with Samsung's Galaxy series.

Analyze the strategies that the internal leadership of both Apple and Samsung has taken to discourage unethical behaviors. Provide at least three (3) examples of such leadership in action from both companies to support the response.

Ethical principles of a company are essential in its operations and ensuring that it has a good impression to the public, as well as, the employees. A company's ethical behavior is based on the employees' ethics in their actions at the workplace (Prabakaran, 2010). The internal leadership at Apple Inc. has a code of ethics that employees must follow. There were instances where the company's facilities workers got mistreated, but it increased the resources available to the employees, which provided information on their rights. It also has a hotline so that the workers can provide information regarding unethical work behaviors. The company has instituted vital efforts to strengthen the ergonomic standards within its facilities (Apple Inc., 2010).

The Samsung Group also has a code of ethics for the employees. The employees have to meet these requirements or they risk facing punitive measures. However, it has recently lost a case on patent infringement against Apple Inc., which shows that it needs to act ethically (Elias, 2014). Mostly, employees act unethically so as to satisfy other stakeholders and increase the company's returns (Jamil & Susanto, 2009).

Assume that both Apple and Samsung are in need of organizational change and must alter existing strategies. Recommend three (3) specific ways in which Apple and Samsung could change functional, business, and corporate strategies, as well as organizational structure and control in order to improve business performance and competitiveness in their industry.

Provide a rationale to support the response.

Apple Inc. has succeeded in the development of its products. However, it purchases its processor chips and hardware from Samsung other companies. Samsung, on the other hand, does not develop its software. It would be beneficial for both companies to coalesce and focus on new ventures, which can emanate from each company's strengths. It will also assist the companies to avoid the costly lawsuits relating to infringements. It will also act as a horizontal integration strategy, which Samsung lacks. These changes will enable both companies to gain competitive advantage and limit the number of new entrants in the industry. Their markets will also increase, and they will take advantage of the global markets that are yet to be covered.