



Strategy Studies Tiered Value Chain By Samsung In The Era of Global Competition

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ABSTRACT

In the era of globalization, the smartphone industry has become one of the most competitive and dynamic sectors in the world. This paper aims to examine the tiered value chain as a strategy undertaken by Samsung with its suppliers in global market competition. This research uses descriptive qualitative research methods through literature studies from various sources relevant to the case study discussed. The result of this research is that Samsung chose to produce its own smartphones due to several factors. First, Samsung smartphone products have complex specifications, making it difficult for suppliers to produce them independently. Second, Samsung's smartphone products are difficult to codify, which means they are difficult to document and communicate clearly to suppliers. Third, the capability or ability of suppliers to produce smartphones that comply with Samsung's standards is considered low. Thus, the hierarchy value chain strategy implemented by Samsung in its smartphone production value chain aims to maintain control over the production process and maintain the quality of the products produced, so that it can compete effectively in the global market.

Keywords: Tiered Value Chain, Supplier, Samsung

ABSTRAK

Di era globalisasi, industri *smartphone* telah menjadi salah satu sektor yang paling kompetitif dan dinamis di dunia. Tulisan ini bertujuan untuk menganalisa rantai nilai atau *tiered value chain* sebagai strategi yang digunakan oleh Samsung dengan para pemasoknya dalam persaingan pasar global. Penelitian ini menggunakan metode penelitian kualitatif deskriptif melalui ke studi pustaka dari bermacam sumber yang relevan dengan studi kasus yang dibahas. Hasil penelitian ini yaitu Samsung memilih untuk memproduksi *smartphone*-nya sendiri karena beberapa faktor. Pertama, produk *smartphone* Samsung memiliki spesifikasi yang kompleks, sehingga sulit bagi pemasok untuk memproduksinya secara mandiri. Kedua, produk *smartphone* Samsung sulit untuk dikodifikasi, yang artinya sulit untuk didokumentasikan dan dikomunikasikan dengan jelas kepada pemasok. Ketiga, kapabilitas atau kemampuan pemasok dalam memproduksi *smartphone* yang sesuai dengan standar Samsung dinilai masih rendah. Dengan demikian, strategi *hierarchy value chain* yang diterapkan Samsung dalam rantai nilai produksi *smartphone*-nya bertujuan untuk mempertahankan kontrol atas proses produksi dan menjaga kualitas produk yang dihasilkan, sehingga dapat bersaing efektif di pasar global.

Kata Kunci: Rantai Niali Hirarki, Pemasok, Samsung

1. Introduction

In the era of globalization and rapid technological progress, industry *smartphone* has become one of the most competitive and dynamic sectors in the world. Intense competition in the global market is compelling companies to continue to innovate and optimize their business strategies to remain relevant and superior. One company that has succeeded in maintaining its position as a market leader in this industry is Samsung. Initially, this company from South Korea did not focus on the technology sector. However, it exports food such as fruit and vegetables to China. Then they changed to working in the electronics sector such as *smartphone* and television. Until now, Samsung is a large technology company in the world and contributes to 20% of South Korea's total exports to international trade (Bondarenko, 2023). As one of the largest smartphone producers in the world, Samsung has implemented various strategies to maintain and increase its competitiveness in the global market.

Over the decades, Samsung has launched a variety of innovative products that include televisions, home appliances, semiconductors and telecommunications devices. In 1988, Samsung released its first cell phone which was the beginning of a long journey in the telecommunications industry. 1993 marked the launch of the Samsung Galaxy series which later became a product line *smartphone* flagship and one of the main pillars of the company's success in the global market. Samsung's flagship products include various series in the Galaxy line, such as the Galaxy S, Galaxy Note, and Galaxy Z. The Galaxy S, which was first launched in 2010, is known for its advanced technology and premium design. The Galaxy Note, introduced in 2011, created a new category of devices with a stylus, and the Galaxy Z, which launched in 2019, introduced innovation in the form of a foldable device. In addition, Samsung is also successful in other areas such as QLED televisions, smart home appliances and semiconductor technology, making it a market leader in several product categories.

Samsung's achievements on the global stage cannot be underestimated. The company consistently ranks at the top of lists of the world's leading technology companies, as compiled by Forbes and Fortune. Samsung also leads the semiconductor market, overtaking Intel as the world's largest chipmaker. In addition, Samsung is recognized for its innovation in display technology by being a pioneer in the development of OLED and QLED displays. With numerous awards and international recognition, including awards for innovation at the Consumer Electronics Show (CES) and Mobile World Congress (MWC), Samsung continues to solidify its position as one of the most influential and innovative technology companies in the world. This success stems not only from their ability to adapt to market changes, but also from their commitment to ongoing research and development. In addition, in 2019, Samsung won 30 CES Innovation Awards, including for *smartphone* Samsung Galaxy Note 9 and Galaxy A6. In 2021, Samsung achieved success again by winning 46 CES awards. Samsung also managed to win the Mobile World Awards at the Mobile World Congress (MWC) for innovation on the Samsung Galaxy S21 Ultra 5G.

One approach used by Samsung is implementation *hierarchy value chain* in business operations. *Value chain* or value chain is a concept introduced by Michael Porter which refers to a series of activities carried out by a company to create value for customers. Analysis *value chain* helps understand the company's position on the value chain and increases competitive advantage by assessing and utilizing every action to achieve profits (Adawiyah et al., 2023). Analysis *value chain* aims to find weaknesses or low-cost advantages along the value chain, from raw materials to customer service. By conducting value chain analysis, companies can find businesses that can provide competitive advantages and increase operational efficiency. *Hierarchy value chain* is a conceptual model that describes how various activities and processes within an organization are interrelated and contribute to creating value for customers. In industry *smartphone*, application of *hierarchy value chain*, Effective management can be the key to competitive advantage for companies. Implementation *hierarchy value chain* by Samsung aims to integrate and optimize every component in its value chain, from research and development (R&D), production, distribution, to marketing and after-sales service.

Global value chain governance is part of the global value chain. It includes the institutions, structures, and processes that help a company make decisions, how decisions are made, what it intends to do, and the consequences. To maximize competitive advantage and prioritize company value in a competitive world, he seeks to monitor individual behavior and the actions of the supplier company as a whole (Bennett & Satterfield, 2018).

Corporate governance is formed to convey company goals into the performance of the parties involved. This governance includes planning, resource allocation, and actions to achieve set goals, as well as managing relationships among various suppliers to increase product value. This is facilitated through integrated production and distribution governance on a global scale. Apart from adding value, relationships between companies also aim to expand international markets. There are at least five value chain governance models, each with different characteristics: Market Value Chain, Modular Value Chain, Relational Value Chain, Captive Value Chain, and Hierarchical Value Chain (Gereffi, Humphrey, & Sturgeon, 2005).

Hierarchical value chain is a type of multilevel value chain governance model characterized by vertical integration within the company. This integration forms a unified legal ownership relationship between various parts of the company. This allows companies to produce products independently, without the need to depend on or collaborate with external suppliers (Ryan et al., 2022). Companies engage with suppliers only when certain components or materials required for the product cannot be produced by the subsidiary. As a result, one business group can perform multiple processes, as long as they are relevant to the company's production sequence. According to Gereffi, Humphrey, and Sturgeon (2005), there are three indicators used to build each global value chain governance model: (1) information and knowledge complexity, (2) product codification capabilities, and (3) supplier capabilities in producing goods.

There are three indicators that determine when a company can implement the value chain hierarchy model. The first is the high complexity of information and knowledge within the company, demonstrated by extensive research and development efforts. The second indicator is the lack of ability to codify transactions between suppliers and companies. The third indicator is a lack of supplier capability, or their inability to meet the company's desired standards. These three factors function as analytical tools to describe how Samsung carries out its strategy (Gereffi, Humphrey, & Sturgeon, 2005).

Companies in this hierarchical model have good management, from head office to subsidiaries. This structure is designed to maximize existing potential, such as natural resources and intellectual property, supported by complete infrastructure and budget allocation for research and development activities. Despite this, the company's global value chain continues to strive to acquire certain components or parts that it cannot produce in-house. This occurs when a company does not have the capabilities or technology needed to produce itself, so it has to rely on other manufacturing companies that have the same capabilities. In other words, although this hierarchical model allows companies to optimize internal resources, companies still need collaboration with external parties to complete their global value chain, especially when there are limitations in terms of technology or internal production capabilities.

This research aims to analyze how it is implemented *hierarchy value chain* by Samsung contributes to its competitiveness in the industry *smartphone* global. In this research, various aspects will be discussed including product innovation strategies, manufacturing efficiency, global distribution networks, as well as marketing and customer service approaches. Apart from that, this research will also examine how Samsung is able to adapt to changing consumer trends and preferences, as well as the challenges it faces in maintaining its competitive position in an ever-changing market.

2. Literature Review

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3. Method

This research uses a qualitative descriptive method to describe and interpret in depth the phenomenon studied, namely implementation *Hierarchy Value Chain* by Samsung in market competition *smartphone* global. Through a qualitative approach, researchers can understand the context, process and meaning of the value chain strategy implemented by Samsung. The steps in this research include collecting secondary data such as journals, documents, books, magazines, newspapers and official websites related to the Samsung case study, as well as data analysis using various theories and concepts to strengthen the data collected and provide new perspectives and organize the results. research in the form of in-depth description and interpretation. This research also provides recommendations based on the findings for Samsung in facing increasingly fierce global competition in the industry *smartphone*.

4. Result and Discussion

I. Instrument Test

Specification Complexity *Smartphone* Samsung

Productivity appeared for the first time in 1966 in a paper by a French economist named Qesnay (founder of the Physiocratic school). But according to Walter Aigner in his book "Motivation and Awareness", the philosophy and spirit of productivity has been since the beginning of human civilization because the meaning of productivity is the will (the will) and the effort (effort) of humans to always improve the quality of life and livelihood in all fields.

Product specifications that are communicated to suppliers for production can be seen as a complexity of knowledge and information. These specifications include product design, component materials, and component functionality. Multinational companies have varying demands based on their research and development (R&D) capabilities, which are critical to defining products and their detailed specifications. The more advanced a company's R&D is, the more complicated its specifications become. According to the hierarchical value chain model, the primary requirement is product complexity which cannot be easily codified by suppliers. After Samsung merged its semiconductor division with its electronics division, Samsung established an R&D centre in Suwon, South Korea, on December 31, 1979, and began operations

in April 1980. The centre encouraged innovation in semiconductor electronic products and machines, leading to advances such as technology. nano in network architecture (Samsung, 2012).

As of 2021, Samsung operates at least 16 research and development centres in 14 countries around the world. These 14 countries consist of the United States, Canada, United Kingdom, Poland, Ukraine, Russia, Israel, Jordan, Philippines, India, Indonesia, Bangladesh, China and Japan. Additionally, Samsung has seven research and development centres dedicated to the development of artificial intelligence, located in South Korea, Russia, Canada, the United Kingdom and the United States.

Some of the significant contributions made by Samsung's R&D centres, as outlined in Samsung's 2021 annual report, include the following:

Table 1. Samsung R&D Results 2021

| Research Project | Results Description |
|-------------------------------------|--|
| IT Division (Smartphone) | |
| Galaxy S20, March 2020 | Galaxy S20 · S20+S20 Ultra <ol style="list-style-type: none"> 1. Design: Best Fit in hand compact, yet large screen design 2. Screen: S20 6.2", S20+ 6.7", S20 U 6.9" 3. Size (W x H x D): S20 69.1mm x 151.7mm x 7.9mm; S20+ 73.7 x 161.9 x 7.8mm; S20 U 76.0 x 166.9 x 8.8mm 4. Platform (H/W, S/W): Exynos990 · SDM865, Android 10.0, One UI 2.1 5. Smartphone that will change the future of mobile and pictures: significantly higher resolution and 8K video recording allows taking pictures and videos in unprecedented quality and easy and swift sharing with 5G 6. Pictures and videos with significantly higher resolution: S20 · S20+ 64MP, S20 U 108MP 7. 100x zoom, the highest space zoom yet in smartphones: S20 U 108MP 8. Take higher quality, clearer and brighter pictures and videos even at night with three times bigger sensor (using AI technology) 9. Take videos in 8K, the highest quality yet in smartphones 10. Super steady feature reduces blur from shaking but captures dynamic movements 11. Single take allows the best pictures and videos with a single shot |
| Galaxy Note 10, August 2019 | Galaxy Note10 · 10+ (6.3/6.8") <ol style="list-style-type: none"> 1. Design: Full Front Punch Hole Infinity Display 2. Platform (H/W, S/W): Exynos9825, SDM855, Android 9.0 3. Upgraded S Pen <ul style="list-style-type: none"> ○ Enhanced usability with higher battery capacity and improved BT latency ○ Camera controls (can take pictures, change mode, change zoom, etc.), change volume, run apps, operate stopwatch 4. Note 10+: Quad camera supports high-resolution and maximum viewing angle shooting under wide range of illuminance <ul style="list-style-type: none"> ○ Wide (12M) + tele (12M) + Ultra Wide (16M) + VGA |
| Galaxy Fold, September 2019 | Galaxy Fold (September 2019) <ol style="list-style-type: none"> 1. Creating a new market and securing market share by developing world's first in-foldable smart phone <ul style="list-style-type: none"> ○ 7.3" QXGA+(1,536×2,152) 1.5R in-foldable display ○ Secured standard technology by developing hinge for in-foldable phones—a world's first (released Feb 2019) 2. Offers new user experience tailored to foldable smart phones <ul style="list-style-type: none"> ○ Can use up to three apps with multi-active window function, offering unrivaled multitasking environment ○ When folding or unfolding the phone, provides app using experience with smooth changes between screens with minimal interruption |
| Galaxy Z Flip, February 2020 | Galaxy Z flip <ol style="list-style-type: none"> 1. Design: New style with innovative foldable display 2. Screen: Main 6.7" flexible ultra-thin glass (2,636 x 1080) 3. cover 1.1"super AMOLED (300 x 112) 4. Size (W x H x D): (unfolded) 73.6mm x 167.3mm x 6.9–7.2mm (folded) 73.6mm x 87.4mm x 15.4–17.3mm 5. Platform (H/W, S/W): SDM855+, Android 10.0 6. Ultra-thin glass technology allows foldable glass display—a first among Galaxy models—and enhances durability |

| | |
|---|--|
| | 7. Easy to carry with a new form factor allowing compact size by flip fold |
| | 8. Free-stop feature enables users to freely control the angle of the flip, allowing Flex Mode experience |
| | 9. Screen ratio 21.9:9 enhances suitability of multi active window |
| Device Solutions Division (Panel Display) | |
| Hole in Display OLED for Galaxy S10 March 2019 | <ol style="list-style-type: none"> Maximized screen size via world's first commercialization of Flexible Hole in Display <ul style="list-style-type: none"> One S10 6.1" 3K QHD+(3,040×1,440) Hole, Two S10+ 6.4" Holes Offers a comfortable display by significantly decreasing blue light <ul style="list-style-type: none"> Decreased blue light emission 42% from S9 (TUV Rheinland Eye Comfort Certification) |
| Foldable OLED for Galaxy Fold September 2019 | <ol style="list-style-type: none"> Display innovation by developing the world's first foldable display <ul style="list-style-type: none"> In-foldable AMOLED (radius: 1.5R) 7.3" QXGA+ (1,536×2,152), 4:3 Decreased display thickness by approximately 50% (vs existing panels) by developing polymer composite material |
| Foldable OLED for Galaxy Z Flip February 2020 | <ol style="list-style-type: none"> Mass production of world's first glass type window foldable display <ul style="list-style-type: none"> 6.7" Full HD+(1,080x 2,640) Improved durability and applied camera hole (first in foldable phones) by using UTG (ultra-thin glass) |

Source: Samsung Electronics Half-year Business Report (2021)

The table above shows that the specifications for *smartphone* Samsung before production, especially in the form of design blueprints. This includes models like the Samsung Galaxy Note 10, Samsung Z Fold, Samsung Galaxy Z Flip, and Samsung Galaxy S20. Samsung has conducted research on the foldable screens used in the Samsung Z Fold and Z Flip. The research results are then transferred to suppliers, including Samsung itself. Samsung Display, a subsidiary focused on electronic display production, was the first company to produce OLED displays for *smartphone*, which is now widely used in various brands. Notably, Apple uses panels made by Samsung for the iPhone 14 (Shahnaz, 2022). Samsung Display is a major supplier for Samsung Electronics, especially for products *smartphone*. For the Galaxy Fold, which has been mass produced since April 2019, it is also supplied by Samsung Display.

The foldable screen produced by Samsung Display is a breakthrough innovation in history *smartphone* global. Its development required extensive research and development due to the higher risk of failure compared to other products. Despite these challenges, Samsung Display succeeded in creating a foldable display for the Samsung Galaxy Z Fold, demonstrating their ability to meet the specific product specifications required by *smartphone* Samsung.

According to a Capital on Tap report, more than 2.6 million companies applied for patents or copyrights. Capital on Tap compared the app with results from the previous year and 2021 to assess the level of innovation. They also analyze the company's progress in areas such as 5G development, *augmented reality*, and cybercrime. Among Samsung's pioneering innovations in the industry *smartphone* is *Iris Scanner* The biometric recognition feature, which first appeared on the Galaxy Note 7, allows users to unlock their smartphone screen using iris scanning. Next there is *Face Recognition*, This feature operates similarly to an iris scanner, but uses facial recognition to unlock the device. Next there is the AMOLED screen and *Layout Curved* which strengthens their screen features which they strengthened again with the presence of a folding screen in 2019. They also showed other innovations in *Innovation Stylus pen* they. The introduction of the Stylus Pen in the Galaxy Note series marks a breakthrough innovation in development history *smartphone*. These innovations made Samsung occupy the second position as the most innovative company behind Huawei which was in first position.

B. Samsung's Lack of Codifying Their Products to Suppliers

The company's limited capability to codify products implies its challenges in effectively transmitting product specifications to suppliers. In addition to adopting a hierarchical value chain model, Samsung also operates as an original equipment manufacturer (OEM). OEMs produce components or equipment that can be branded and resold by consumers or the company itself. Samsung, together with Foxconn, is one of the leading OEMs that produces components for various companies such as Apple and Huawei (Tizen Indonesia, 2019). Data by Omdia (2022) reveals that Samsung holds the largest OEM market share in the smartphone industry, controlling 20% of the global market share in 2020 and 2021 (Omdia, 2022).

Samsung adopted *Original Design Manufacture* (ODM) in 2019 to create *smartphone* entry level, including models like the A6s. ODM involves working with companies to produce components according to brand specifications. Samsung is pursuing this strategy to reduce production costs, taking inspiration from

Apple, which largely uses ODM for its components. This move also aims to increase competitiveness against smartphone rivals from China. Samsung outsources production of three Galaxy-level models *low-entry* to Wingtech. Wingtech, a leading supplier in China with a global market share of 25%, was selected for this partnership (Counterpoint, 2022). According to data from IHS, Samsung's ODM is expected to increase to 8%, while most of its products, especially its flagship products, continue to be produced internally (Tizen Indonesia, 2019).

Samsung's strategy of largely in-house production is in line with the hierarchical value chain model, which emphasizes good vertical integration between units to create a product. This approach ensures that Samsung maintains control over the entire production process and can fully understand and manage the specifications of the products being manufactured. Hierarchical value chain models also underscore the importance of this approach, especially when products cannot be easily codified or transferred—including design, components, and manufacturing processes—to external suppliers.

One of the main reasons Samsung chose to produce its own components was the need for customization, ensuring that components were precisely matched to the company's needs. Given Samsung's rapid pace of innovation, there is a need for rapid design implementation, which external manufacturers may not be able to do, potentially resulting in delays or non-conforming products. By producing components in-house, Samsung can maintain tight control over the manufacturing process, ensuring quality and materials meet standards, thereby avoiding disappointment among users *smartphone* Samsung. This approach is consistent with the vision of Lee Kun-Hee, Samsung's revolutionary leader, who emphasized building Samsung's reputation on quality products. Therefore, although Samsung may have limited capabilities in codifying products for external suppliers, its commitment to preserving its image through innovative, high-quality products justifies its decision to produce components internally.

C. Lack of Supplier Ability to Complete Samsung Product Standards

Samsung Electronics Co., Ltd. has a global reputation with its various products. Despite following a similar global value chain strategy to other smartphone companies, Samsung's approach stands out. Structurally, the company operates through four distinct business centres, as depicted in the Samsung Electronics Business Report 2021. The Consumer Electronics (CE) division covers a wide range of products that meet everyday consumer needs, including TVs, monitors, refrigerators, washing machines, and air conditioning. The Mobile Information & Communications (IM) Technology segment focuses on smartphones (HHP), network systems, computers and related technologies. In the Device Solutions (DS) sector, Samsung produces important components such as DRAM memory, NAND flash, processors, camera sensor chips and OLED panels. Lastly, the Harman division, part of Harman International Industries, Inc. specializing in loudspeakers, digital cockpits, audio visual products and professional solutions. Together, these business centres form Samsung's comprehensive product portfolio, contributing to its standing as a global industry leader.

Among the four main business branches operated by Samsung, Device Solution (DS) plays an important role in supplying components for *smartphone* Samsung. DS has the ability to produce the main components that are important for *smartphone* Samsung, including Memory, Processor and OLED Display. Notably, DS products are not only used in Samsung devices but are also incorporated into *smartphone* from other brands, which rely on OLED LCD screens sourced from Samsung. Instead, production *smartphone* Samsung is managed by the Mobile Information & Communications Technology (IM) division.

The percentage of Samsung's requirements sourced from suppliers, which includes production items such as cameras, CPUs, color panels, circuits, and disks, is critical to manufacturing *smartphone* and other electronic devices. As depicted in the table, suppliers meet a range of 6-15% of Samsung's needs, which implies that the company independently meets the remaining 85%. Adherence to this hierarchical value chain model underscores Samsung's ability to source and manufacture its own products, with materials sourced from suppliers processed internally (Samsung, 2021). Samsung's capabilities significantly influence the output, although some components do not meet the expected standards. Samsung has been successful in meeting its production needs, with success rates ranging from 73% to 100% for high-value products such as HP, memory, and smartphone screens (Samsung, 2021). Notably, Samsung smartphone screens have undergone many innovations, including curved or edged screens, water resistance, and most recently, foldable screens, all thanks to the company's research and development efforts.

Creating a screen *smartphone* itself presents a significant challenge for Samsung, with execution being a critical point of innovation. By leveraging its vast resources, Samsung has been able to realize breakthrough advances such as curved screens and foldable screens on *smartphone*, exemplified by the Samsung Z Fold and Z Flip. Despite initial challenges where some consumers experienced problems, Samsung remains

committed to ongoing research, development and evaluation to improve the performance of its foldable screen technology, especially with a focus on improving the hinge. Over the years, Samsung has successfully introduced four generations *smartphone* folding screen, starting from 2019 to 2022. This ongoing commitment underlines Samsung's dedication to maintaining the quality, competence and consistency of its products.

As a technology holding company, Samsung also benefits from its affiliated companies, which are entities that have a collaborative relationship with Samsung. Therefore, affiliated companies operate under the supervision of the parent company. However, this control is more akin to a partnership than to limiting a company's autonomy. Affiliated companies are given independence in their operations but remain bound by contractual agreements with the parent company for a certain duration (Wuisan, 2022). As of March 31, 2021, Samsung had a network of 59 domestic affiliated companies. The following list outlines Samsung-affiliated companies that have served as component suppliers *smartphone* Samsung. This list is paired with a comparison of suppliers between *smartphone* Samsung and Huawei:

Table 2. Supply Chains of Samsung Electronics & Huawei Technologies

| Product | Samsung | Huawei |
|--------------------------------|--|--|
| Core processor | In-house | Design by chip unit HiSilicon , produce by TSMC |
| Chip packaging, testing | Performed in house | ASE Industrial Holding, KYEC |
| Printed circuit board | Samsung Electro-Mechanics | Unimicron, Career, Compeq Manufacturing |
| CMOS image sensor | In-house | Sony, OmniVision Technologies |
| Camera lens | Sekonix, Kolen | Largan Precision |
| Camera Module | Samsung Electro-Mechanics, Patron | Sunny Optical Technology (Group), O-film Tech, Luxshare-ICT |
| Display | Samsung Display | LG Display, JDI, Sharp, BOE Technology |
| Casing | Intops | Shenzhen Everwin Precision Technology, BYD |
| Phone assembly | Performed in house | Foxconn (Hon Hai Precision Industry) |
| Fingerprint | Dreamtech, Patron | Goodix Technology |
| Wireless charging | Samsung Electro-Mechanics, Uju Electronics | Luxshare-ICT |
| Connectors | Uju Electronics | Luxshare-ICT |
| Battery module | Samsung SDI | Sunwoda Electronics |
| Voice recognition tech | In-house | iFlytek |

■ Apple iPhone Supplier ■ Chinese Company

Source: Jaewon, Fang, & Li, 2018

According to the article by Jaewon et al. (2018), Samsung electronics mentioned in the provided image refers to Samsung's smartphone division, while Huawei Technologies represents Huawei's smartphone branch. The image illustrates that certain Samsung components undergo in-house production or are assembled in-house, utilizing the company's own resources. This is different from *outsourcing*, where production requires collaboration with external manufacturing companies. Samsung components manufactured through company resources or by affiliated companies include processors, chips, printed circuit boards, image sensors, camera modules, displays, cell phone assemblies, wireless charging technology, battery modules, and voice recognition technology (Jaewon, Fang, & Li, 2018). In contrast, most of Huawei's components are sourced from Apple suppliers and Chinese manufacturing companies. These figures further demonstrate Samsung's strong resource capabilities in meeting supply demands for its smartphone components, with the company successfully meeting up to 90% of its component supply needs internally, while the remaining 10% is sourced from external suppliers (Samsung, 2018).

Based on the three indicators described in the hierarchical value chain model, Samsung demonstrates proficiency in all aspects. Complexity smartphone Samsung is very high, facilitated by the huge resources invested in research and development (R&D). Additionally, Samsung's ability to manufacture components, both internally and through affiliated companies, contributes to the high specifications smartphone, minimizing the need for information transfer with external suppliers. Samsung's position as the world's

largest OEM in the industry *smartphone* increasingly solidifying its control over the production process. In addition, Samsung's decision to produce *smartphone* itself is in line with its commitment to upholding brand values and image. By supervising the production process, Samsung ensures quality *smartphone*, carefully controls materials, components and specifications to meet standards set by research results and target market preferences.

5. Conclusion

In the era of global competition, Samsung Electronics has attempted to increase its business success by developing effective business strategies. One example of this strategy is development Tiered Value Chain, which focuses on developing innovative products and increasing consumer loyalty. An analytical study of multilevel value chains conducted by Samsung shows that the development of companies in the current era of global competition is greatly influenced by their ability to manage complex supply chains. As one of the main players in the electronics industry, Samsung has succeeded in building a complex but efficient value chain structure, which enables them to respond quickly to changes in market demand and the dynamics of ever-moving competition. The findings of this study show that implementing a multilevel value chain strategy allows Samsung to optimize the flow of raw materials, production and distribution, thereby achieving high cost efficiency and operational flexibility. In addition, this approach also helps Samsung develop a strong partner ecosystem, where each level of the value chain can support each other and create synergies that drive innovation and improve product quality. Additionally, Analytical studies Tiered Value Chain by Samsung in the Era of Global Competition provides in-depth insight into how Samsung has optimized its value chain to remain competitive in the global market. In this study, it was revealed that Samsung uses a tiered approach to its supply chain management, which includes various levels of suppliers, each of which has a specific role and contribution to overall production. This strategy allows Samsung to manage risks, reduce costs, and increase operational efficiency. Samsung also utilizes advanced technology and integrated information systems to monitor and coordinate activities across the value chain, thereby being able to respond quickly to market changes. Additionally, this study highlights the importance of strategic and collaborative relationships with key suppliers, which not only support product innovation but also strengthen Samsung's position as an industry leader.

6. Suggestion

Based on findings from Analytical Studies *Tiered Value Chain* by Samsung, there are several suggestions that can be given to strengthen and expand Samsung's competitive advantage in the global market. First, Samsung needs to continue investing in advanced technologies, such as artificial intelligence and big data analytics, to further improve the efficiency and responsiveness of its value chain. Second, expanding and deepening collaborative relationships with suppliers and strategic partners around the world can create stronger synergies and encourage joint innovation. Third, diversifying supplier sources to reduce the risk of dependence on one particular supplier or region is very important, especially in the face of global supply chain disruptions. Finally, Samsung must consider sustainability and social responsibility in its value chain management, ensuring that ethical and environmentally friendly business practices are implemented at all levels of suppliers, which not only enhances the company's image but also meets the expectations of modern consumers who are concerned about the environment and social issues.

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