

Adopting Competitive Strategies in the Telecommunications Industry

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Abstract

The landscape of the Ghanaian Telecommunication industry has seen dramatic changes in the last two decades. During these period new companies both local and foreign emerged some as start-ups others through mergers or acquisitions. The liberalized economic environment lead to the influx of operators hence the need to assess their performance and the effectiveness of competitive strategies adopted. This paper will evaluate the strategies adopted by mobile telecommunication operators to gain competitive advantage in the industry with particular reference to the Ghanaian market. Our study revealed that to have a competitive advantage and improve on performance a sustain investments in the area of infrastructure, human capital, technology, sales and marketing activities and essential resources were critical.

Keywords: Telecommunications industry, Customer targets, Strategic management, competitive advantage

I. INTRODUCTION

The landscape of the Ghanaian Telecommunication industry has seen dramatic changes in the last two decades. During this period new companies both local and foreign have emerged some as start-ups others through mergers or acquisitions. The liberalized economic environment lead to the influx of operators hence the need to ascertain each company's performance in the last two decade and the resulting effectiveness of its competitive strategies adopted if any. The purpose of this work is to examine the concepts of competitive edge adopted by the players, its importance and impact on corporate performance in the era stiff competition. The author in [4] wrote that a company without a strategy is like an airplane weaving through the skies, hurled up and down, slammed by winds and lost in the thunder heads. Reference [2] noted that without strategy an organization is like a ship without a rudder. In [4] the correlation between strategic planning and the performance in relation to growth, profits of a company was studied. Earlier work has been done in the area of strategic management with the ultimate aim to sustain the competitiveness survivability of companies [12] [6] [1] [7] [8] [5]. In contrast, [9] have argued that sudden condition in the external environment could increase a company's profit not necessarily due to any proper strategic planning implementation.

According to the authors, road and rail transport companies enjoyed a sudden boom after the September 11, 2001 terrorists attack on the World Trade Centre, Pentagon and in Pennsylvania all in the United States of America. People considered these modes of transport to be safer during the period. The main objective of the study is to identify the strategies adopted by mobile telecommunication operators in Ghana to gain competitive advantage in the industry. The second objective is to investigate the reasons behind the mixed performances despite huge investments in infrastructure, human capital, technology, sales and marketing activities and essential resources.

II. PROBLEM STATEMENT

The economic climate in the country over the period of the study was relatively turbulent for the telecommunication business. Several telecommunications companies went through mergers and acquisition which attest to the turbulent nature of the competition in the industry. It was clear at a time that not all the operators can be said to have performed to the level that meets industry and stakeholders' expectations. Much as the differences in the performance levels of various companies are to be expected, it is still strongly believed that the strategies pursued by each mobile company were largely accountable for the outcome of their performances. Managements led role requiring strategic thinking, planning, decision-making and ultimate implementation could also have much to contribute to the fortunes or otherwise of the various operators in the industry.

Unfortunately, some mobile companies are perceived to have management structures that overly limit the authority to make long-term strategic decisions to a few key shareholders who may be limited in some ways. This obviously compromises the richness and diversity of the operator's strategic planning agenda to the detriment of corporate performance. The fear of loss of ownership control is also speculated to have inhibited the expansion of the capital base of some of the operators which has posed challenges for the hiring and retention of the needed numbers and quality of personnel, upgrading of technology and the financial capacity to insure complex risks.

III. LITERATURE REVIEW

Competition is a pillar of capitalism in that it may stimulate innovation, encourage efficiency, or drive down prices. Competitors are organizations that offer the same, similar, or substitutable products or services in the business area in which a particular company operates [1]. Competitive Advantage is the condition which enables a company to operate in a more efficient or otherwise higher-quality manner than the companies it competes with, and which results in benefits accruing to that company.

The strategic rationale of competitor profiling is powerfully simple. Superior knowledge of rivals offers a legitimate source of competitive advantage. The raw material of competitive advantage consists of offering superior customer value in the firm's chosen market. Customer value is defined relative to rival offerings making competitor knowledge an intrinsic component of corporate strategy. Profiling facilitates this strategic objective in three important ways. First, profiling can reveal strategic weaknesses in rivals that the firm may exploit. Second, the proactive stance of competitor profiling will allow the firm to anticipate the strategic response of their rivals to the firm's planned strategies, the strategies of other competing firms, and changes in the environment. Third, this proactive knowledge will give the firms strategic agility. Offensive strategy can be implemented more quickly in order to exploit opportunities and capitalize on strengths. Similarly, defensive strategy can be employed more deftly in order to counter the threat of rival firms from exploiting the firm's own weaknesses [13].

According to [14] a growing number of organizations are giving increased attention to customer service. To compete successfully in markets where products are the same or very similar, and prices are basically the same, service is often the only competitive advantage available.

Reference [15] investigated the relationship between competition and efficiency and concluded that increased competition breeds efficiency. The author used a stochastic parametric method and the set of independent variables include macro factors (GDP per capita and density of demand), an intermediation ratio (loans/deposits) and finally a dummy that corresponds to the geographical location.
The term strategic planning according to [16] originated in the
1950's and gained prominence in the mid-1960s to mid 1970s. Its use has traversed the 1990's and become widely practiced as an indispensable tool in the management process in almost all organizations because of the influence of globalization, technological advancements and internet capabilities for business. The authors [17] [18] [19] [20] have researched into competition and time. Their research indicated that competition gradually changes over time.

The authors in [9] explained that it is important that an organization applies its strengths and distinctive competences in such a way that it gains a competitive advantage over its rivals in any given environment. [21] and [22] pointed out that planning involves thinking about the future, identifying and specifying in advance (now) what has to be done or achieved (objectives) and selecting the most suitable means to accomplish these objectives.
Reference [23] identified some of the major activities that are common to all strategic planning processes as conducting a strategic analysis; setting the strategic direction, and action planning. The author in [16] also indicated that strategic planning takes an organization into uncharted territories and does not provide ready-to-use prescriptions for success. Instead it takes an organization through a journey and offers a framework for addressing questions and solving problems aware of the potential pitfalls and being ready to address them and being successful.
A company's strategic plan typically lays out its mission, vision and future direction, performance targets (objectives) and strategy [24] [25]. In another study [24] recommended two very distinct performance yardsticks; one relating to financial performance and the other relating to strategic performance. The former looks at performance indicators like sales revenue and profitability whereas the latter includes output growth, technical progress, efficiency, shareholder value added, economic value added and human resource capital et cetera.
According to [7] the interest in strategy grew out of the realization that a firm needed a well defined scope and growth direction not just extrapolations of past performances which were being used to project into the future.
According to [10], the advancements in technology, globalization and market competition in 1950's and 1970's have influenced greatly companies' decision to implement strategic planning. Reference [26] confirmed recognition of strategic thinking and planning in firms
Reference [7] evaluated the impact of strategic planning on corporate performance on 93 firms and his results favored planning. Reference [5] reviewed 28 earlier studies which revealed that 20 studies performed

better with planning, 5 showed no difference while 3 showed planning to be detrimental.
In his work [27] reviewed nine previous studies on manufacturing firms and concluded that with planning performance was better in 5, neutral effect in 3 studies and only 1 showed adverse result. In the research conducted by [12] they argued that reputation is an important intangible resource upon which a company can build capabilities and core competences. In another study [28] evaluated the impact of strategic planning on performance and established the link with building positive team spirit, companywide knowledge sharing, common understanding and commitment of management and staff to corporate vision. Reference [33] added that the real measure of strategic planning in any company is the extent to which it affects behavior in the organization.

IV. METHODOLOGY

The instrument used for collection of relevant data for the study was a questionnaire and the semi-structured interview approach [31]. The research instrument is a compilation of structured questions which were given to respondents for their completion or responses. The questions were close-ended multiple-choice questions giving respondents a choice from a range of answers based on the 5- point Likert-style rating scale [34] [33]. They had choices either to agree or disagree with the statements made within the range. This was to ensure that the choice of answers directly addressed issues at stake and make collation and analysis of the data simple. On the scale 1 is the lowest score and 5 the highest.
Furthermore, in-depth interviews were held with the managerial staff of the telecommunication operator to solicit answers, opinions and suggestions on the study because of the peculiar knowledge they possess on the subject under study. This involved the use of semi-structured open-ended questions to allow for free but brief expression of relevant ideas, opinions and suggestions that might not have been captured by the close- ended questions. Each interview lasted for twenty (20) minutes since the managers have very busy schedules.
The questions were under three sections; Section A to Section C. Section A covered the demographic (personal) data of respondents and included age, gender, marital status, educational background, income level et cetera. Sections B and Section C were categorized under headings that dealt with each of the evaluative indicators for assessing competitive strategies in the Telecommunication industry. Prior to administering the questionnaire the importance of the research was explained to the respondents and they were encouraged to be truthful and diligent with their responses to make the research worthwhile.

V. DATA

The study used a population that consists of management and staff of the biggest telecommunication operator in Ghana in terms of subscribers. The target population is as follows: Managers = 50, Non-managerial Staff = 200, Target Clients =
5,000. A sample size of one thousand, seven hundred and fifty (1,750) respondents out of the entire population of 5,250 was selected for the research. The number was considered adequate, and representative [32] enough to give informed answers to the research problem.
This research work used thirty (30) management staff of the operator due to their relatively small number, however their inputs were considered very vital. One hundred and forty (140) staffs of the non-managerial grade and two thousand, five hundred and eighty (2,580) individual clients were however selected using the simple random sampling technique. The objective was to have a fair and credible representation of respondents who are stakeholders.

VI. RESULTS AND ANALYSIS

A. Respondents distribution

A sample size of seven hundred and fifty (750), comprising thirty (30) Managerial staff and one hundred and forty (140) Non-Managerial Staff and five hundred and eighty (580) customers responded to the administered questionnaires; scheduled interviews with other executives who were not really related to the day to day operations of the units targeted were also conducted. Table 6.1, shows the distribution of respondents of which 4.0% of the respondents were managerial staff, and the non-managerial staff registered 18.7%, while the remaining 77.3% went for customers.

Table 6.1: Respondents Distribution

Respondent Distribution				
	Male	**Female**	**Total**	**(%)**
Managerial Staff	**18**	**12**	**30**	**4.0%**
Non-Managerial Staff	**78**	**62**	**140**	**18.7%**
Customers	**325**	**225**	**580**	**77.3%**
Total	**421**	**329**	**750**	**100.00%**
(%)	**56.07%**	**43.93%**	**100.00%**	

B. Respondents age

The ages of all the respondents are within the range of 19 to
57 years. The ages of majority of the staffs (both managerial and non-managerial) fell between 20 and 40 years; representing 74% of the staff respondents. No staff respondent was less than 20 years, only 2% were between the ages of 51 and 57 years, while 24% represented the age group of 41 and 50 years.

Table 6.2: Ages of Respondents

	Employees		**Customers**	
	Frequency	**Percentage (%)**	**Frequency**	**Percentage (%)**
Less than 20 years	0	0%	12	2%
20 - 30 years	68	40%	313	54%
31 - 40 years	58	34%	116	20%
41 - 50 years	40	24%	46	8%
51 - 60 years	4	2%	64	11%
Above 60 years	0	0%	29	5%
	170	100%	580	100%

Furthermore, 54% of the respondents as per the customers were found within the ages of 20 – 30 years; closely followed by 31 – 40 years. This is an indication that the Operator has a more youthful customer base. The data representation is shown in
Figure 6.2.

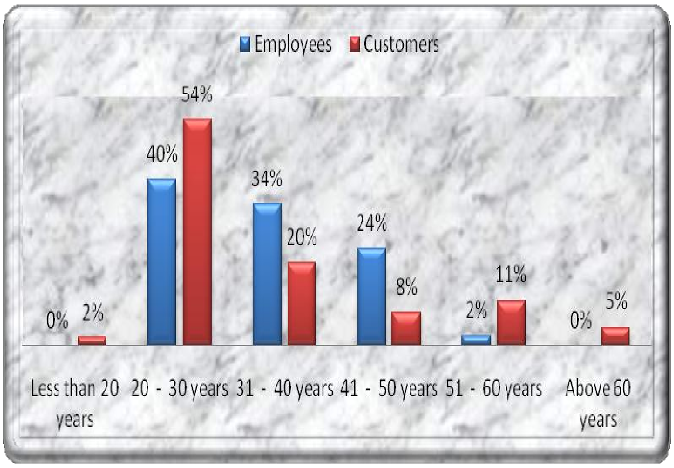

Figure 6.2: Graph of respondents' age

ISSN 2224-5782 (print) ISSN 2225-0506 (online)
Vol.4, No.11, 2014

C. Years of Service with the Operator

The study showed that majority of staff and customers had been with the company for between 6 and 10 years (3% and 58%) respectively. This indicates that the Operator has enjoyed a substantial customer loyalty and experienced workforce (see Figure 6.3)

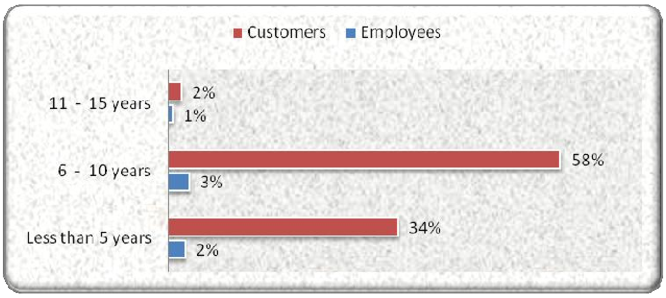

Figure 6.3: Years of customers' loyalty and employee service with Operator

However, from Figure 6.3, 34% of the respondents who were customers had been with the Operator as their mobile phone service provider within the period of less than 5 years. This explains that the company over the stated period had engaged in strategies to capture and maintain more customers.

D. Customers educational background

The study revealed that as much as 60.47% of the customers of the Operator were holders of University certificate and 17.67% were for various diplomats, while 12.09% had professional certificates. Nevertheless, only 2% were illiterates as illustrated in Figure 4

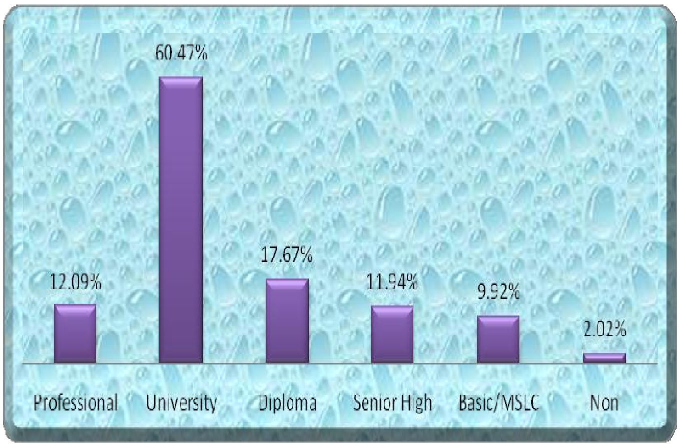

Figure 6.4: Graph of customers' educational background

From Figure 6.4 and Figure 6.5 indicate that the customers of the Operator cuts across all shades of people (both educated and uneducated) with the literates forming the majority of the respondents.

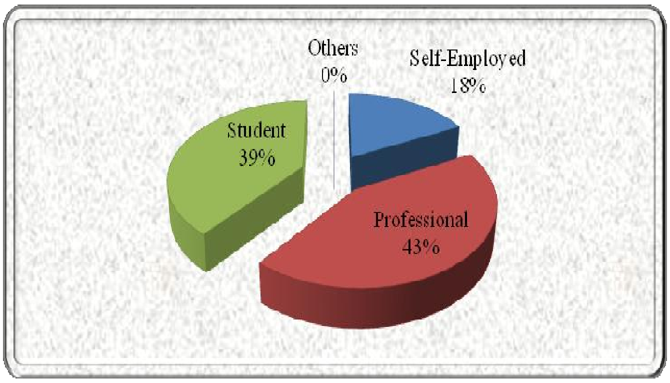

Figure 6.5: Occupation of customers

E. Response to competition by Operator

From Figure 6.6, the Operator has strongly positioned itself to respond to the prevailing competition in the industry by adopting massive expansion drive and projects which are carefully matched and knitted together with other resources such as IT infrastructure and human resources. It is clear also that over 90% agreed to the creation of a service manager office with the responsibility to offer quality service. This office helped greatly in responding to the ever increasing competition on the Ghanaian telecommunications market.

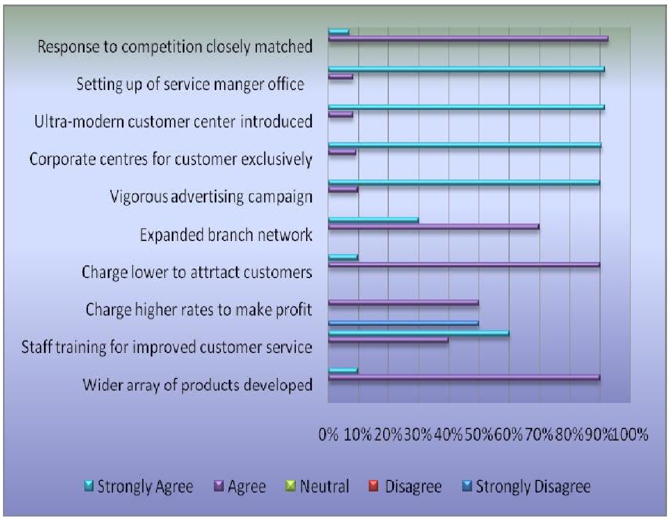

Figure 6.6: Response to competition by Operator

F. Effect of competition edge on the Operator

The research showed that in order for the Operator to maintain being the market leader in such a turbulent competitive industry, several competitive strategies must be put in place to arrive at a good result.

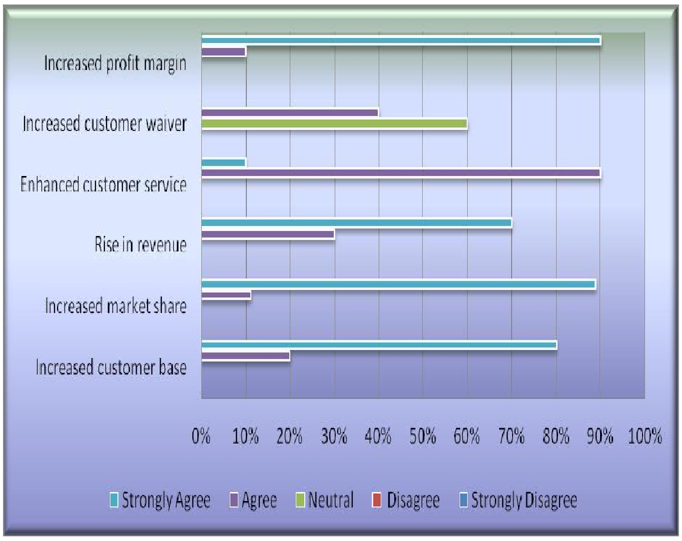

Figure 6.7: Competitive edge of the Operator

VII. DISCUSSION

It was discovered that 99% of respondents strongly agree with the notion of the existence of high degree of competition within the telecommunication industry; 98% also affirmed that the competition is very good for the industry, while almost
96% are of the view that proliferation of the mobile companies had fuelled competition. However, 100% disagreed with the notion that Operator enjoys monopoly in the industry; and 87% strongly disagreed to the notion that there has been increased customer awareness and sovereignty in the industry.

The authors also found out that 90% of respondents indicated that there had been increased profit margin, enhanced customer service and increased market share; rise in revenue as effect on competitive edge was also registered with a percentage of 70% of the respondents.

The study indicated that the Operator has strongly positioned itself to respond to the prevailing competition in the industry by adopting massive expansion drive and projects which are carefully matched and knitted together with other resources such as IT infrastructure and human resources.

VIII. CONCLUSION

The main objective of the study is to identify the strategies adopted by mobile telecommunication operators to gain competitive advantage in the industry with particular reference to the Ghanaian market.

We found out that the provision of customer service center, sustained advertising campaign, training and re-training of staff to improve on their competence and skills level, were the competitive strategies being implemented by the Operator.

In summary, the study indicated that the workforce was made up of very young, energetic and intelligent individuals who are hunger for success and excellence.

In order to stay at the top, the Operators must continuously monitor and evaluate its competitive advantage. This could be achieved by first identifying specific changes in the marketplace, even subtle ones. For instance, if a company's product is having low patronage, then perhaps it's time to introduce or vary the product to the needs and satisfaction of the customer.

It is essential that for an Operator to remain competitive in the telecommunication market it must continually re-define and re-invent the company's strategies.

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ACKNOWLEDGEMENTS

I am thankful to the National communication Authority and MTN- Ghana that made their data accessible to young researchers. Next is my gratitude to the organizers of the 7th annual ICAST 2014 Conference Nigeria, for reviewing and there after edging me to publish it. I am thankful to the resource persons and members of the review team for their insightful comments and suggestions from the beginning of the study to its completion. I also appreciate the useful comments by Prof. Patrick O. Bobbie helping improve the quality of the paper and Dr. Robert Awuah Baffour for his advice which has brought me this far. I am, however, responsible for errors and omissions in the study

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