

## **A Study on the Impact and Processes of Optimizing the Competitive Strategy of MTN Ghana**

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### **Abstract**

*Mobile Telephone Network (MTN), the leading telecommunications company in the emerging markets of Africa and the Middle East, entered the Ghanaian market following the acquisition of Investcom in 2006. MTN is the market leader in the increasingly competitive mobile telecommunications industry in Ghana. MTN Ghana Ltd has enjoyed considerable financial success in the country since it commenced operations in the past nine decades. However, the overall direction of the telecommunication industry has changed towards lower call rates, lower internet bundle, quality customer service, tailored products, and there is also intensified competition. This paper seeks to identify and evaluate the competitive strategies adopted by MTN Ghana Ltd and identify the areas of competition in the telecom industry. It will also determine the effects of competitive strategies on the performance of the telecom. This study employed both qualitative and quantitative methods of research. Questionnaires, as well as interviews, were the tools used in gathering data.*

*Among others, the study revealed that, the environment in which MTN Ghana Ltd finds itself is highly competitive and that, telecoms operates in the area of pricing, products, and customer service. MTN Ghana Ltd has adopted a niche or focus strategy to give special attention to different segmented clients with different needs. It is recommended that MTN Ghana Ltd continues to find ways of differentiating itself by changing its strategic direction also to incorporate a refocus on superior customer service.*

### **CHAPTER ONE**

#### **1.0 INTRODUCTION**

Organizations are constantly exploring and researching means by which to maintain a competitive edge and stay ahead of the competition in today's constantly changing economies. This has resulted in the intensity of competition in today's business world coupled with the economic situation prevailing. Hence, all businesses want to have a fair share of the total market. They strategize in order to stage themselves to compete effectively to their advantage. Because of this, every marketing oriented firm is expected to develop programmes in a way that can give it an urge to compete effectively.

The Telecommunication industry in Ghana has seen a lot of growth over the last two decades with up to six telecommunications companies operating in Ghana currently. There is very little to choose between any two brands. In this overly communicated industry, MTN Ghana has the highest customer base in terms of numbers, followed by Vodafone Ghana.

#### **1.1 BACKGROUND OF THE STUDY**

MTN Group is a leading market operator, connecting subscribers in 22 countries in Africa, Asia, and the Middle East. The MTN Group is listed on the JSE Securities Exchange in South Africa under the share code: "MTN." As of 30 June 2013, MTN had recorded 201.5 million subscribers across its operations in Afghanistan, Benin, Botswana, Cameroon, Cote d'Ivoire, Cyprus, Ghana, Guinea Bissau, Guinea Republic, Iran, Liberia, Nigeria, Republic of Congo (Congo Brazzaville), Rwanda, South Africa, Sudan, South Sudan, Swaziland, Syria, Uganda, Yemen and Zambia. MTN's brand is the most valuable in Africa and is ranked in the top 100 brands worldwide. MTN's shares constitute the biggest primary listing on the JSE – Africa's largest stock exchange. It entered the Ghanaian market following the acquisition of Investcom in 2006. MTN's overriding mission is to be a vehicle for Ghana's economic growth and development, helping to promote Ghana's strong development potential from the provision of world-class telecommunications products and services, through to innovative and sustainable corporate social investment initiatives.

The role telecommunications play in people's lives has changed rapidly in the last two decade. Not so long

ago, traditional voice services defined the telecommunications industry. Now they are just one of a growing range of services that impact many areas of our lives. The need for a broader digital offering has led MTN to refresh its vision and mission and refine its strategic objectives. This is to ensure that they maintain a leadership position in communications in emerging markets and sustain a business model that maximizes value for all stakeholders.

In recent times, the world is fiercely facing competition and this stiff competition between business organizations and even between nations has emerged because of crucial concepts such as globalization, fast and high rate of technological diffusion, new emergent of markets and rapid change of customer expectation because of access to information about other strategic competitive options and choices. According to Hill et al. (2005), during the past two decades, there has been a radical movement in the basic foundations of how business is conducted. The change has been strengthened through the declining of trade barriers and fundamental developments in concepts such as communication, information, and transportation technologies. Globalization resulted in greater world output, foreign investment, greater imports and exports, and immense competitive pressures both between nations and industries

The competition has become more and more overwhelming. So businesses are compelled to think strategically and beyond the box by utilizing strategic decisions driven by strategic intelligence and then formulated as strategic planning. Formally, strategic management was widely understood by many and even used in private sectors, some transnational companies, big companies and holdings in the 1980s, but today, myriads of businesses are using as a means of accomplishing their objectives (Aktan, 2007).

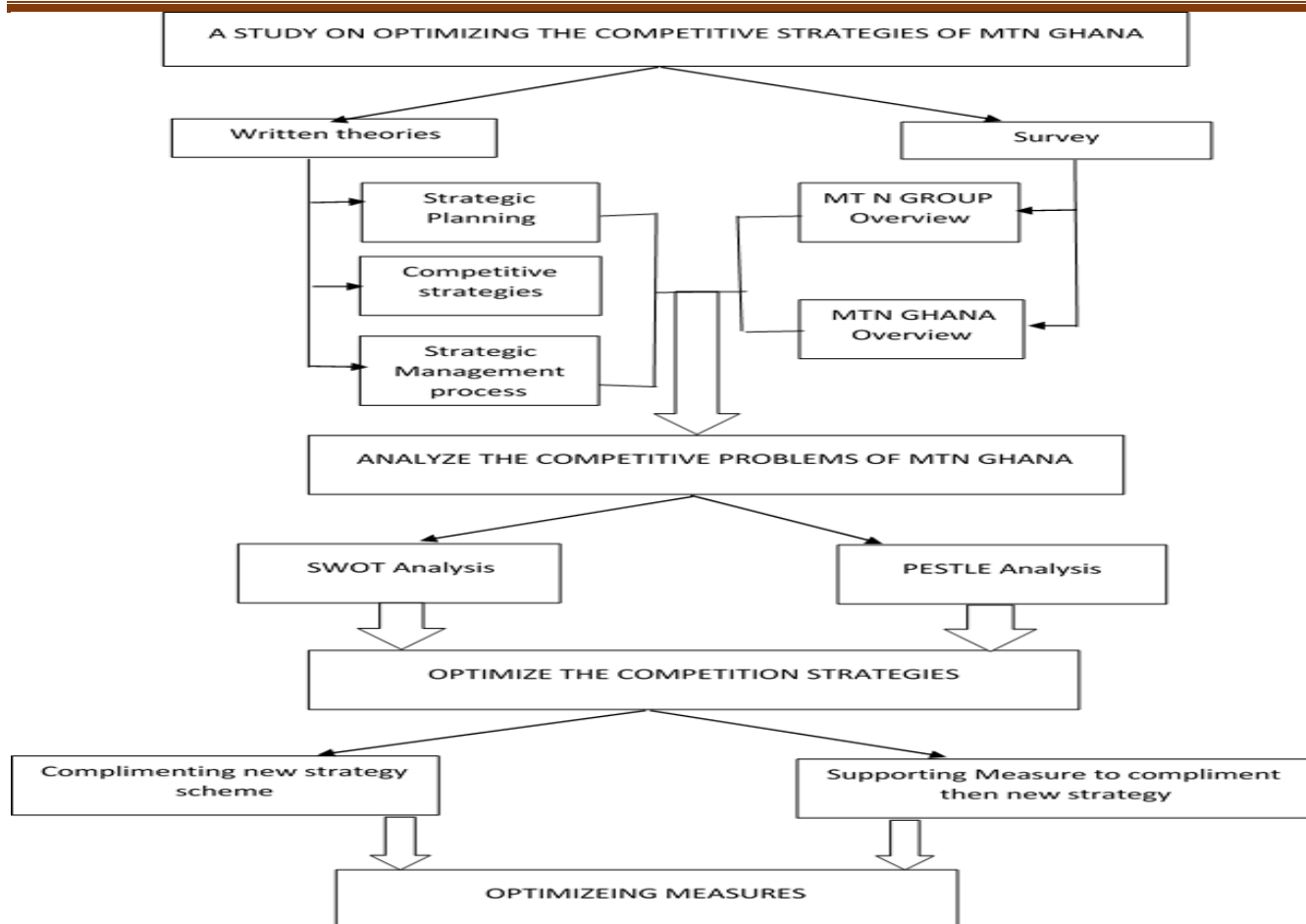
## **1.2. PROBLEM STATEMENT**

The country has one of the most vibrant mobile markets on the continent, with six competing operators including the regional heavyweights MTN Ghana, Vodafone Ghana, Bharti Airtel, (formerly Zain), Millicom (Tigo), Glo from Nigeria and Expresso. In March 2017, the owners of Tigo Ghana and Airtel Ghana agreed on terms for the merger of these local units, creating the second largest operator in the country by subscribers. An increase in mobile voice subscribers from 24.4 million in November 2017 to 25 million in December 2017 shows the competitive nature of the environment. This is according to the National Communication Authority's mobile Voice and mobile data market report. The report that captures the state of the market for 2017 showed that data subscribers had also increased from 17.7 million to 18 million representing a penetration rate of 25.74%.

For MNT Ghana to optimize its competitive strategy, it needs to identify the process of designing a competitive approach to operating in the industry. There is the need to also assess its impact of the existing competitive strategies on the organization. This will also highlight the organizational efficiency in terms of its strategy. Extensive research on the impact of MTN Ghana competitive strategies on other telecommunication companies is being carried out to examine the difficulties and benefits of competitive strategies on the company's performance. This work has been conducted on the organizational effectiveness of competitive strategies from the perspective of those who are its immediate competitors. MTN prides itself as a company of innovativeness and states "For MTN, innovation means understanding the needs of our customers and finding solutions that best meet their needs. MTN is therefore poised to provide great customer experiences and to further enrich its service offerings to its millions of subscribers by providing a better network with even better technology, an obligation to changing our customers' lives, ..." as a competitive strategy.

## **1.3 RESEARCH ROUTINE**

The research will move or follow the direction outlined below.



#### 1.4 RESEARCH OBJECTIVES

The purpose of this study is to identify the impact and process of competitive strategies of MTN Ghana. Specifically, the study would:

- 1 Establish the competitive strategies employed by MTN in Ghana
- 2 Identify the process of designing a competitive for MTN Ghana
- 3 Determine the impact of the competitive strategies on the organization's efficiency.
- 4 Determine the impact of MTN Ghana competitive strategies on other telecommunication companies.
- 5 Examine the difficulties and benefits of competitive strategies on the company's performance.

#### 1.5 RESEARCH QUESTIONS

In order to attain the above objectives of the study, the following research questions were posed:

1. What are the competitive strategies adopted by MTN Ghana?
2. What are the processes involved in designing a competitive strategy for MTN Ghana?
3. What is the contribution of competitive strategies to MTN Ghana efficiency?
4. What advantages do MTN Ghana competitive strategies have over other telecommunication companies? What is the relationship between strategic management and organizational performance?
5. What are the difficulties and benefits of competitive strategies on organizational performance?

#### 1.6 SIGNIFICANCE OF THE STUDY

In general terms, the study is expected to impact on experts/professionals, management of telecommunication industry, regulators, academia and the general public.

##### Importance to Academia

The output of this study contributes to knowledge and literature in the subject under investigation. It is useful as a source of reference to researchers, academics, students, policy makers, marketing professionals

and other stakeholders interested in how competitive strategies are optimized in the Ghanaian mobile telecommunication network.

### **Relevance to the management of MTN Ghana**

The study would help management and workers of MTN Ghana and other similar organizations in the mobile telecommunication industry to review their current strategies to achieve competitive advantage. The findings and results also provide a more reliable scientific measure for describing and evaluating the level of efficiency of emerging strategies and its effects on corporate performance as well as customer satisfaction. It also serves as a source of information that brings to the fore the switching intentions of MTN Ghana's current and potential customers. Therefore providing the empirical support for management strategic decisions in several critical areas of their operations, and above all, provide a justifiably valid and reliable guide to designing workable service delivery improvement strategies for creating and delivering customer value, achieving customer satisfaction and loyalty, building long-term mutually beneficial relationship with profitable customers to achieve sustainable business growth in Ghana.

### **Importance to Regulators and Government**

To policymakers like government agencies such as the Ministry of Communications and the National Communications Authority, the findings and results of the study provide insights and a more reliable guide for monitoring the impact of the operations of Ghana's Mobile Telecommunication Companies. It serves as a benchmark for measuring partly, their respective policy goals and objectives. It serves as a tool for the NCA among other things, to ensure the availability of needed expertise to provide quality service to consumers and to ensure that communications systems operators achieve the highest level of efficiency in the provision of communications services; ensuring that the mobile operators are responsive to customer and community needs, and finally ensure that customers' interest is protected.

### **Importance to Experts/Professional**

This research is to bring to bear the competitive strategies adopted by MTN Ghana in ensuring that competitive advantage is attained. It would also help professionals to assess and implement strategies that would keep and improve the strategies adopted to curtail the incidence of bad performance as a result of wrong strategies in Corporate Ghana.

### **Importance to Stakeholders**

To stakeholders like investors, shareholders, employees, pressure groups, Consumer Associations, etc., the study provides information for ensuring improvement in service delivery of the respective mobile telecommunications in Ghana.

## **1.7 SCOPE OF THE STUDY**

The study focuses on competitive strategies MTN Ghana Limited. The Company has autonomous branches countrywide with each having a unique strategy for its operations which should fit in the overall strategy of the company according to its management. The study considers the Kumasi Cluster of branches of MTN Ghana Ltd.

## **1.8 THE ORGANIZATION OF THE STUDY**

The thesis is organized in seven chapters.

**Chapter one** introduces the topic with the background of the study, statement of the problem, objectives of the study, research questions and the significance of the study.

**Chapter two** details the review of current literature on competitive strategies with an emphasis on Porter's five competitive forces model and his three competitive strategic propositions, nature of competition in the telecommunication industry.

**Chapter three** reviews papers key concepts, theoretical and empirical related to competition and strategy of telecommunication industry.

**Chapter four** gives an overview the objective of the research. It accesses the company on the bases of it stow analysis and consider pest in the right perspective for the study. This is in relation to a given competition in the telecommunication industry.

**Chapter five** explains the methods employed in conducting the research and gathering data for the study. It describes the research strategy, population, sample and sampling procedure, and data collection tools.

**Chapter six** presents the data, analysis, and discussion of findings from the primary data gathered from the field.

**Chapter seven** makes inferences and linkages from the literature with respect to Porter's five competitive strategies. Finally, this chapter gives the summary of the findings and conclusion of the study. Recommendations are provided in this chapter as well.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

The chapter reviews the concept of competition, competitive strategies with an emphasis on Porter's five competitive forces model, and his proposal of three competitive strategies. The chapter also reviews papers that are both theoretically and empirically related to competition and strategy.

#### 2.1 Competition

Allen and Gale (2000), defined competition as a rivalry in which every seller tries to get what other sellers are seeking at the same time: sales, profit, and market share by offering the best practicable combination of price, quality, and service. Where the market information flows freely, competition plays a regulatory function in balancing demand and supply.

When a layperson thinks of competition, he or she probably has one of two images in mind. The first is a sporting event, in which two evenly matched opponents, play a spirited, but closely contested. The second is a market that resembles a crowd in a rugby match with numerous firms scrambling for every scrap of business -- the more numerous, the more competitive.

Economists see competition differently. An economist sees competition not in terms of rivalry per se, but in terms of market performance. An economist would say that a market is perfectly competitive when firms price their output at marginal cost and costs are minimized by internal efficiency. This does not necessarily require a large number of rivals. Where entry and exit are costless, markets can be perfectly competitive even with only one firm serving the entire market (Allen and Gale, 2000). Similarly, some models of oligopoly show that in some markets, prices may be driven to marginal cost, even where there are entry barriers, with as few as two competitors. In both types of markets, allocative and productive efficiency may be perfectly aligned even at relatively high levels of concentration, so that no rearrangement of productive assets could enhance total economic welfare. In these markets, antitrust intervention to preserve or create a larger number of rivals would harm consumer welfare and worsen economic performance.

In other markets, especially those driven by innovation, there may be a tension between allocative efficiency on the one hand and productive or dynamic efficiency on the other. For example, where firms need to invest in order to innovate, prices will need to be above short-term marginal cost to provide an incentive to make the needed investments. As Schumpeter (1942) observed, these markets are often marked by "gales of creative

destruction," in which one firm may serve the entire market or at least a large portion of it for a period of time, only to be displaced by another firm with a leapfrogging technological innovation that delivers dramatically improved performance or dramatically lower cost.

In these markets, an efficient monopolist, constrained by overall market demand and the threat of entry, will often charge quality-adjusted prices that, while above marginal cost, are still below the prices that would be charged by a group of less efficient competitors. To an economist, the competitive process is working in these markets, even if it results in only one firm serving the entire market for some period of time. In such markets, government intervention to preserve rivals or create new ones will again worsen overall economic performance.

One way to look at competition is by industry analysis. Competition drives down rates of return on invested capital. If the rate is competitive, it will encourage investment; if not, it will discourage competition. Porter (1985) looked at the forces influencing competition in an industry and the elements of industry structure.

## **2.2 Porter's Five Forces Model of Competition**

Michael Porter's five forces model is largely used in sector and industry analyses. The model is to assist in identifying what the key factors of success within an industry are. According to the model, there are five primary forces that drive profitability (Porter, 2008). The five forces are below discussed.

### **2.2.1 Threat of New Entrants**

It is often agreed that the average person cannot come along and start up telecoms. Telecoms are fearful of being squeezed out of the payments business because it is a good source of revenue because it is fee based. Another trend that poses a threat is companies offering other telecom services. Also, the entrance of bigger foreign telecoms into the market poses a real threat. There is always this possibility especially when a country enjoys sound political and economic environment making it attractive for investors to target.

### **2.2.2 Power of Suppliers**

The suppliers of capital might not pose a big threat, but the threat of suppliers luring away human resources does. If a talented individual is working in smaller telecom, there is the chance that person will be enticed away by bigger telecoms.

### **2.2.3 Power of Buyers**

The individual does not almost always pose much of a threat to the telecoms industry. However, one major factor affecting the power of buyers is relatively high switching costs. If a person has established loyalty with a particular telecommunication line, it can be extremely tough for that person to switch to other telecoms. In an attempt to lure in customers, telecoms try to lower the price of switching, but many people would still rather stick with their current telecoms for reasons as the above or simple loyalty.

On the other hand, large corporate clients have telecoms wrapped around their fingers. Their base in the telecoms is so much to be underestimated. These institutions, therefore, by offering better call and internet rates, clear services, and exposure to foreign capital markets work extremely hard to get high-margin corporate clients.

### **2.2.4 Availability of Substitutes**

As you can probably imagine, there are plenty of substitutes in the telecoms industry. Telecoms offer a range of services such as lower call rates, attractive internet data bundles, prepaid calls, pay as you go service, mobile banking, and series of promotion packages. The chances are that there are other telecommunication firms in the industry who offer similar services. Microfinance, Corporate Unions and Savings and Loans Schemes are all over in Ghana lately.

### **2.2.5 Competitive Rivalry**

The telecoms industry is highly competitive. The telecoms industry has been around for years, and just about everyone who needs telecoms services already has them. Because of this, telecoms must attempt to lure clients away from competitor services. They do this by offering lower call charges, preferred internet bundle

rates, and customer care services. The banking sector is in a race to see who can offer both the best and fastest internet services, but this also causes telecoms to experience lower returns. They then have an incentive to take on high-risk projects. In the long run, we are likely to see more consolidation in the telecom industry. Larger telecoms could prefer to take over or merge with other telecoms rather than spend the money on marketing and advertise to people.

### **2.3 Competition in the telecommunication industry**

Competition has always been argumentative in the past in the telecoms industry. Traditionally, regulators have tried to curb competition in the sector with the aim of avoiding extreme risk-taking. The point however changed from the 1980s where totally fledged liberalization processes were put in place in many countries making way for the transformation of the telecoms business and a restructuring of the sector materializing. This resulted in a notable increase in telecoms.

It does not require a lot of thinking, therefore, to conclude that the situation before the liberalization was far from the balance between enjoying the optimal benefits of competition and increasing the potential for instability. Prior researches, however, have found that almost all variations in competitive conduct occur with the entry of a second or third firm into the market (Bresnahan and Reiss, 1991). In other words, the intensity of competitive rivalry is the major determinant of the competitiveness of the industry. The telecom industry is no exception and studies have even shown that the conduct can be substantially competitive with only two telecoms (Shaffer and DiSalvo, 1994).

Competition in the telecom sector matters for a number of reasons. As in other industries, the degree of competition in the telecom sector can matter for the efficiency of the production of call services, the quality of internet service, and the degree of innovation in the sector. Specific to the telecom sector is the link between competition and stability, long recognized in theoretical and empirical research and, most importantly, in the actual conduct of prudential policy towards telecoms (Vives 2001). It has also been shown, theoretically as well as empirically, that the degree of competition in the telecom sector can matter for the access of firms and households to telecom services in turn affecting overall economic growth.

### **2.4 Competition Effects on Telecom**

Some of the recent research on the effects of telecom competition allows for the possibility that different packages of products may affect competitive conditions differently. Some telecoms are often considered to be “community friendly” with different competitive advantages than other telecoms. Relative to local telecoms and international telecoms tend to serve smaller, more local customers, and to provide more retail-oriented rather than wholesale-oriented telecommunication services (DeYoung, Hunter, and Udell 2004). As well, telecoms of different sizes may deliver their services using different technologies.

### **2.8 Relationship between Internal and External Customers in Service Delivery**

“Businesses today must understand the world around them in addition to understanding the world within that business. As explained by Blocher (1997), Michael Porter evaluates this situation by stating that businesses have begun to think strategically and identify their strengths and weaknesses; an organization must determine the ways they can effectively meet the customers’ expectations.”

A number of key commentators on private sector quality management have, in recent years, stressed the importance of internal service quality as one of the keys, but also least understood determinants in the provision of quality goods and services externally (Albrecht, 1990, Berry, 1995 and Cespedes, 1995). In other words, research evidence indicates that there appears to be a positive relationship between employee satisfaction and customer satisfaction (Schneider and Bowen, 1985; 1993 and Wiley, 1996). In particular, favorable internal perceptions of an organization’s human resource management practices can be significantly correlated with customers’ perception of service quality (Bowen, 1996 and Mohr-Jackson, 1991). “To attain sustained excellent customer support requires internal systems that are aligned to serve the external customer, with each internal subsystem adding value to others within the organization who are dependent on it” (Gilbert, 2000).

Consequently, when the internal customer is dissatisfied, relationships with the external customer also

suffer. The external customer is much more likely to receive good service or products if the provider of that service within the company has, in turn, received excellent service from their internal suppliers. Much of the new product ideas originate from within the organization rather than coming from external customer input. So it is crucial that the internal

customer or corporate employee is cared for, and their views and suggestions are given equal priority while making decisions (<http://ssrn.com/abstract=984865>).

## 2.5 Theoretical Framework

This part provides a theoretical framework within which this research will be operating and discusses extensively the balance theory.

### 2.5.1 Balance Theory

Balance theory will be adapted to provide theoretical support for the positive link between employees' work satisfaction and customer satisfaction. This theory owes its genesis to Heider (1958) and has been the basis for the development of a number of consistency theories that have had a great impact on marketing research. Some examples such as the theory of cognitive

dissonance (Festinger, 1957) and the theory of congruity (Osgood & Tannenbaum, 1955; Tannenbaum, 1967) are rooted in balance theory.

According to balance theory, a system of triadic relationships between two persons and an object can be either balanced or unbalanced. A relationship system that is unbalanced will cause systematic tension such that, if the system is to persist, it must move toward a balanced state. A

relationship system is balanced if two people have the same attitude toward the object. A relationship system is unbalanced if two people involved in a relationship with each other differ in their attitudes toward the object. This results in cognitive tension that ultimately leads to activities to balance the system.

In this study, balance theory is applied to a relationship system involving three entities: an employee of a company, a customer for whom this employee is responsible, and the company as the object within the triad. According to balance theory, this system seeks a balanced state. This triadic relationship is balanced if the employee's attitude toward the company is similar to the customer's attitude toward the company. As seen in Heider's classical work (1958), although balance theory has its roots in the study of close interpersonal relationships, it can also be applied

to lower-level relationships, as evident in the examples he provides. Additionally, the broad applicability of balance theory is illustrated by previous studies in the marketing and management literature. As an example, Phillips, Liu, and Costello (1998) apply balance theory to

a three-member distribution channel. Kilduff and Krackhardt (1994) apply balance theory to investigate the determinants of reputation in organizational labour markets.

Finally, Manrai, Manrai, Lascu, and Ryans (1997) use balance theory to explain the influence of advertising slogans for ecologically harmless products in connection with a person's attitude towards nature.

In summary, these examples suggest that balance theory can be applied to the employee–customer relationships, which can vary from a fairly low level of association to relatively close relationships (Phillips et al., 1998). In an employee–customer relationship, an unbalanced situation occurs when the employee's work satisfaction is low and the customer's satisfaction with the company is high. According to balance theory, activities are likely to occur to lead the system to a balanced state. This means that one of the two actors (i.e., the employee or the customer) will change his or her level of satisfaction.

Michael Porter's Five Forces Model is a useful tool to assist in assessing the competition in an industry and determining the relative attractiveness of that industry. Porter states that in order to do an industry analysis a firm must analyze five competitive forces ((Baltzan & Phillips, 2010)



## 2.6 Rivalry of competitors within its industry

The threat of new entrants into the industry and its markets.

The threat posed by substitute products which might capture market share.

## 2.7 Bargaining power of suppliers

According to (Joe (2010) a renowned publisher of strategic planning said that the quality of an organization's strategic plan is not the primary determinant of success in goal achievement. The primary factor is that success hinges on execution. He outlined the following as the challenges organizations face in the implementation of strategies:

Poor Prioritization

## 2.8 Lack of Detail Planning

Poor Communication and Coordination Strategy and Culture Misalignment (Silvi and Cuganesan (2006) found that cost knowledge management (strategic cost management viewpoint) added to competitive advantages (through utilization of cost leadership strategy) in four Italian companies.

The field of strategic management presents various typologies to describe the generic competitive strategies of firms, how firms compete in specific businesses or companies by exporting their competitive advantage in order to realize their goals e.g. (Porter (1980), (Hambrick (1983))(Porter, 1980) and (Miles and Snow (1978) .

The typologies all focus on a firm's relative emphasis on operational efficiency and low cost or uniqueness in the market. This paper, however, focuses on (Miller (1988) High Performance Gestalt and (Porter (1980) typology of generic competitive strategies which is made up of overall price leadership, differentiation and focuses (cost or differentiation in a narrow market segment) and hybrid for the following reasons.

First, Porters typology overlaps with other competitive strategy typologies. For instance, Porters strategy of cost leadership is synonymous with (Miller (1988) defender strategy and (Hambrick (1983) efficiency strategy. Porter's differentiation strategy also resembles Miles and Snow's prospector strategy.

Second, Porter's typology has been linked to many organizational, environmental and performance – related variables ((Campbell-Hunt (2000); ((Dess and Davis (1984); (Kotha and Vadlamani (1995); (Ward and Duray (2000)). Porter's framework proposes that firms that pursue any of these competitive strategies would develop a competitive advantage that would enable them to outperform competitors in their industry. However, for a firm to earn superior profits and outperform its competitors, it must make a clear choice between cost leadership and differentiation strategy in order to avoid "the inherent contradictions of different strategies" ((Porter, 1996).

Meanwhile, (Porter (1980) suggested that a business attempting to combine the two approaches invariably ends up stuck in the middle. He argued that the low cost and differentiation strategies are based on incompatible assumptions and thereby create trade – off within the organization. This notion received considerable initial support (((Dess and Davis (1984), (Hambrick (1981); (Hawes and Crittenden (1984)); it was later challenged by a substantial body of research ((Oyedijo (2013); (Parnell (1997); (Parnell and Wright (1993); (Proff (2000)).

Members of the "combination strategy school" have argued that business successfully combining low costs and differentiation may create synergies within the firm that overcome any trade – offs that may be associated with the combination. The sustainability of the three generic strategies demands that a firm's competitive advantage resist erosion by competitor behavior or growth.

The sustainability of a generic strategy requires that a firm possesses some barriers that make an imitation of the strategy difficult. It is usually necessary for a firm to offer a moving target to its competitors by investing in order to improve its position continually. Each generic strategy is also a potential threat to others (Gibcus and Kemp (2003)((Gibcus & Kemp, 2003). (Gibcus

and Kemp (2003) argued that firms with a clear and consistent strategy would outperform firms without such a strategy. This is the main argument for a porter to define his generic strategies.

## CHAPTER THREE

### KEY CONCEPTS AND RELATIVE STRATEGY

#### 3.0 Introduction

Mintzberg (2003) perceive strategy as a pattern or a plan that integrates an organization's major goals, policies, and action into a cohesive whole. Porter (2008) has defined strategy as a creation of a unique and vulnerable position of tradeoffs in competing, involving a set of activities that neatly fit together, that are simply consistent, reinforce each other and ensure optimization of a goal.

#### 3.1 The Concept of Strategy

The strategy is a multi-dimensional concept, and various authors have defined strategy in different ways. It is meant to provide guidance and direction for the activities of the organization. Since strategic decisions influence the way organizations to respond to their environment, it is very important for a firm to make strategic plans and define strategy in terms of its function to the environment. The purpose of the strategy is to provide directional cues to the organization that permits it to achieve its objectives while responding to the opportunities and threats in the environment (Pearce & Robinson, 2007).

##### 3.1.1 Strategic Planning

According to Byars (1991), the strategic plan is used to describe the steps taken by an organization in achieving its objectives and mission". In addition to this, Starkey and Dobson (2004) point out that the mission is the first step of the strategic plan that defines the long-term vision of the organization. If an organization does not have a vision, then there is no reason for existing.

Strategic plan consists of plan processes that are undertaken in firms to develop strategies that might contribute to performance (Tapinos, Dyson, & Meadows, 2005). Key aspects of the strategic plan are a long-time horizon, formality, the use of plan instruments, and frequent control of plans. A strategic plan can contribute to performance by generating relevant information, by creating a better understanding of the important environment, and reducing uncertainty (Hodgetts & Kuratko). While the analysis of the performance impact of the strategic plan is largely confirmed in the context of larger firms ( Baird, Lyles, and Orris (1994); Bracker, Keats, and Pearson (1988); Shrader, Taylor, and Dalton (1984)), its relationship in the context of smaller enterprises has not been given much attention in existing research. While there is some evidence in support of a positive relationship between strategic plan and performance in smaller enterprises, other studies find no relationship or even a negative relationship. A possible reason for these inconclusive findings may be that previous studies used different definitions of a strategic plan or tested only one of the dimensions of strategic planning.

##### 3.1.2 Competitive Strategies

There are basically five forces to develop basic foundations include competitors, the threat of new entrants' substitute products, bargaining power of suppliers and the bargaining power of buyers. Companies are fighting with each other, and some of them defend itself against these competitive forces (Porter, 1998).

##### 3.1.3 Porter's Generic Competitive Strategies

A company's relative position within its industry identifies whether a company's profitability is above or below the industry average. The fundamental basis of above average profitability, in the long run, is a sustainable competitive advantage. There are two basic types of competitive advantage a company can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a company seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership (no frills), differentiation (creating uniquely desirable products and services), and focus (offering a specialized service in a niche market) (Porter, 1998).

##### 3.1.4 Cost Leadership Strategy

In cost leadership, a company sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies

of scale, proprietary technology, preferential access to raw materials and other factors. A low-cost producer must find and exploit all sources of cost advantage. If a company can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average. Simply being the lowest-cost producers is not good enough, as a company leaves itself wide open to attack by other low-cost producers who may undercut its prices and therefore block its attempts to increase market share. Therefore, companies need to be confident that they can achieve and maintain the number one position before choosing the cost leadership route. Companies that are successful in achieving cost leadership usually have (Porter, 1998):

- Access to the capital needed to invest in technology that will bring costs down;
- Very efficient logistics;

A low-cost base (labor, materials, facilities), and a way of sustainably cutting costs.

### 3.1.5 Differentiation Strategy

Differentiation involves making products or services different from and more attractive than those of competitors. How the company does this depends on the exact nature of the industry and of the products and services themselves, but will typically involve features, functionality, durability, support and also brand image that customer's value. To make a success of a differentiation strategy, organizations need (Porter, 1998):

- Good research, development, and innovation.
- The ability to deliver high-quality products or services.

Effective sales and marketing, so that the market understands the benefits offered by the differentiated offerings. Large organizations pursuing a differentiation strategy need to stay agile with their new product development processes.

### 3.1.6 Focus Strategy

Companies that use focus strategies concentrate on particular niche markets and, by understanding the dynamics of that market and the unique needs of customers within it, develop uniquely low-cost or well-specified products for the market. Because they serve customers in their market uniquely well, they tend to build strong brand loyalty amongst their customers. This makes their particular market segment less attractive to competitors. As with broad market strategies, it is still essential to decide whether the company will pursue cost leadership or differentiation once a company has selected a focus strategy as its main approach: Focus is not normally enough on its own. But whether a company uses cost focus or differentiation focus, the key to making a success of a generic focus strategy is to ensure that a company is adding something extra as a result of serving only that market niche. It's simply not enough to focus on only one market segment because the company is too small to serve a broader market (Porter, 1998).

## 3.2 Strategic Management Process

The strategic management process means defining the organization's strategy. It is also defined as the process by which managers make a choice of a set of strategies for the organization that will enable it to achieve better performance.

Strategic management is a continuous process that appraises the business and industries in which the organization is involved; appraises its competitors, and fixes goals to meet the entire present and future competitor's and then reassesses each strategy.

Strategic management is an ongoing process of managing an organization strategically. This involves a set of management decisions and actions that result in formulating and implementing strategies that determine the performance and success of the organization. The focus is primarily on large-scale, future-oriented strategies that allow an organization to achieve its objectives, considering the environment in which it operates. Strategic management requires good strategic thinking to be successful.

Strategic management process has the following four steps:

### 3.2.1 Environmental Scanning

Environmental scanning refers to a process of collecting, scrutinizing and providing information for strategic purposes. It helps in analyzing the internal and external factors influencing an organization. After executing the environmental analysis process, management should evaluate it on a continuous basis and strive to improve it.

### 3.2.2 Strategy Formulation

Strategy formulation is the process of deciding the best course of action for accomplishing organizational objectives and hence achieving the organizational purpose. After conducting environment scanning, managers formulate corporate, business and functional strategies.

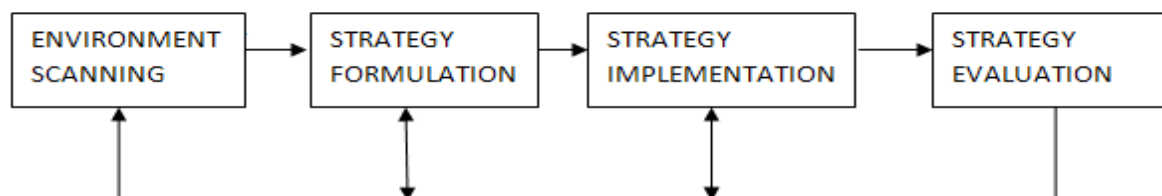
### 3.2.3 Strategy Implementation

Strategy implementation implies making the strategy work as intended or putting the organization's chosen strategy into action. Strategy implementation includes designing the organization's structure, distributing resources, developing decision making process, and managing human resources.

### 3.2.4 Strategy Evaluation

Strategy evaluation is the final step of the strategy management process. The key strategy evaluation activities are: appraising internal and external factors that are the root of present strategies, measuring performance, and taking remedial / corrective actions. Evaluation makes sure that the organizational strategy, as well as its implementation, meets the organizational objectives.

These components are steps that are carried, in chronological order, when creating a new strategic management plan. Present businesses that have already created a strategic management plan will revert to these steps as per the situation's requirement, so as to make essential changes.



### Components of the Strategic Management Process

Strategic management is an ongoing process. Therefore, it must be realized that each component interacts with the other components

## CHAPTER FOUR

### 4.0 OBJECT OF THE RESEARCH

#### 4.1 Overview of MTN Group

Launched in 1994, the MTN Group is a leading emerging market operator, connecting subscribers in 22 countries in Africa, Asia, and the Middle East. The MTN Group is listed on the JSE Securities Exchange in South Africa under the share code: "MTN." As of 30 June 2013, MTN recorded 201.5 million subscribers across its operations in Afghanistan, Benin, Botswana, Cameroon, Cote d'Ivoire, Cyprus, Ghana, Guinea Bissau, Guinea Republic, Iran, Liberia, Nigeria, Republic of Congo (Congo Brazzaville), Rwanda, South Africa, Sudan, South Sudan, Swaziland, Syria, Uganda, Yemen and Zambia. MTN's brand is the most valuable in Africa and is ranked in the top 100 brands worldwide. MTN's shares constitute the biggest primary listing on the JSE – Africa's largest stock exchange. Its head office is in Johannesburg.

As of 30 June 2016, MTN recorded 232,6 million subscribers across its operations. Although MTN operates in over 20 countries, one-third of its revenues come from Nigeria, where it holds about 35% market share. The company sponsored the CAF Champions League football competition as well as APOEL FC, winners of the Cypriot First Division in 2009, 2011, 2013, 2014 and participants in the 2009–10 and 2011–12 UEFA Champions League. Beginning in 2017, they are the primary sponsors of the South Africa national rugby union team.

On 18 March 2010, it was announced that MTN signed a sponsorship deal with English football club Manchester United F.C. In March 2016, MTN Group, LTD appointed Rob Shuter as Chief Executive Officer.

#### 4.2 MTN Ghana

MTN, the leading provider of telecommunications services in Africa and the Middle East, entered the Ghanaian market following the acquisition of Investcom in 2006. MTN's overriding mission is to be a vehicle for Ghana's economic growth and development, helping to promote Ghana's strong development potential from the provision of world-class telecommunications products and services, through to innovative and sustainable corporate social investment initiatives.

MTN is the market leader in the increasingly competitive mobile telecommunications industry in Ghana with over 12 million subscribers and offering its valued subscribers a range of exciting products and services under Postpaid and Prepaid subscriptions. MTN's network coverage is extensive. It covers all 10 regional capitals, major cities and many rural and remote areas. The company continues to invest heavily in infrastructure to expand its coverage and capacity across the country.

MTN's business across its 22 footprints is governed by five values - Leadership, Innovation, Relationships, Integrity, and a Can-Do spirit. These values have contributed to MTN's evolution as the leading player in emerging markets of Africa and the Middle East, with a total global subscriber base of over 200 million, serving a population under license of over 500 million people. MTN delivers uniquely designed communication solutions and is focused on providing excellent telecommunications services across the African continent under the philosophy of improving access to economic empowerment.

The 'CanDo' value represents being positive, self belief and the willingness that, it can be done". (<http://www.mtn.com.gh>) MTN has integrated mobile telecommunication services into the development of a brand that has become a lifestyle. This fact is clearly demonstrated by its active involvement in various marketing initiatives that are close to the hearts of subscribers. MTN has forty-seven Customer Service Points (Branches) in ten regions in Ghana. Greater Accra has fourteen customer service points which are the majority, followed by the Ashanti region with twelve branches, Western region with three branches and Eastern region with two branches. Volta, Northern, Central and Brong Ahafo regions have one branch each.

The company understands that the best way to gain a competitive edge in a local market is to offer different products and services customized to suit lifestyles and expectations. A vital service of MTN's operations is MTN Business, which provides data solutions and appropriate IT infrastructure to small, medium and large-scale businesses with the purpose for them to deliver up-to-speed efficiency in their operations.

Technological innovation is vital to MTN's existence. In response to subscribers' demands and emerging trends, they are experiencing a variety of exciting products and services including 3.5G technology, DStv Mobile, Seamless Roaming, Mobile Money, MTN E-Self-care, MTN fonm@il, as well as Blackberry phones and services. Other innovative services like Call Me Back, MTN Me2U, Voice SMS, and the unique MTN Zone, are quite popular in the country. Very recently, MTN has again introduced services like the MTN Pay4me, Phone Backup service, Mi-Life Insurance, Vehicle Tracking service, and audio conferencing all with the aim of meeting the divergent needs of its subscribers.

MTN acknowledges its responsibility towards its stakeholders to sustain long-term mutual value. In this regard, MTN Ghana has established relationships with governments and community groups for partnerships

that are geared towards improving the quality of service it offers to Ghanaians. In order to make a meaningful impact on the lives of people and communities in which MTN operates, the company established the MTN Foundation across all its footprints globally. The MTN Ghana Foundation has been remarkable in fulfilling its mandate of improving the quality of people's lives through appropriate Corporate Social Investments (CSI) in communities where MTN operates. As a global policy, a proportion (one percent) of each operating unit's profit after tax is dedicated to undertaking CSI initiatives. The Foundation aims to achieve a broad community impact by supporting national development priorities in the area of health, education and economic empowerment. The Foundation has so far invested over GH¢13 million in more than 83 CSI projects across the country for all three focus areas. These interventions have impacted an estimated 2.5million people.

MTN has also instituted 21 Days of Y'ello care where staff volunteers give off their time and effort to serve their communities for 21 days in the month of June every year. MTN Ghana adjudged the best among the 21 MTN operations for recording the highest staff participation and undertaking the best CSI programmes for 2010 and 2011. As its prize, the Ghana operating unit was awarded USD100,000 twice to be invested in more social interventions in Ghana.

In support of the focus on data, MTN has invested a total of USD 90 million in the subsea West Africa Cable System (WACS), linked to an extensive terrestrial fiber network. MTN Ghana's investment of USD 285 million in establishing the state of the art switch sites in Accra and Kumasi as well as its total injection of USD1.2 billion since it came into Ghana has made it poised to deliver bold new digital services to Ghanaians. MTN as a corporate multi-national will continue to demonstrate resilience in the face of tough challenges in the telecommunications industry in Ghana.

#### **4.3 Problems of the Company**

Telecom operators are facing increasing challenges in the digital era. Communication tools based on the Internet, such as WhatsApp, Slydepay, Facebook, and Twitter, have dramatically reduced the traditional profits of telecom operators for SMS and voice calls, and they are trying hard to avoid becoming just simple data channels in the digital era.

Tax regime, cost of power and replacement of damaged and stolen fiber cables as constituting "very difficult" challenges faced by MTN Ghana.

In 2013, the Company paid a valued added tax of 243 million Ghana cedis and 98 million Ghana cedis as communication services tax in addition to other charges, leaving net revenue of 1.75 billion Ghana cedis. Part of the net revenue went into social responsibility activities including community services and educational scholarship.

The Company incurred about two million Ghana cedis more in 2012 due to power outages. There were 506 fiber cuts in 2012 and 840 in 2013 with an average of two cuts a day. Between January and June 2014; MTN experienced 436 fiber cuts, describing the situation as "a problem that we need to find a solution to."

Despite the challenges, the Company was investing in infrastructure and creating innovative products to ensure customer satisfaction. MTN Ghana has therefore instituted self-services and closed loop feedback just to make customers happy

##### **4.3.1 Competitive Problems**

One major force affecting industry attractiveness is the threat of new entrants. New entrants add capacity to an industry and bring with them the need to gain market share, thereby making competition more intense. Over the past three years, the telecom industry in Ghana has witnessed the entry of major players such as Glo, Airtel acquisition of Zain and Kassapa and Expresso respectively. This is because the telecommunication industry in Ghana is very attractive

### 4.3.2 The threat of Substitute Products/Services

In an economic viewpoint, Substitutes are alternative product types that perform essentially the same functions. Substitute products put a leaning on the profitability of an industry by limiting the price that can be charged, especially when supply exceeds demand. Porter (1985) suggests that, by placing a ceiling on prices that can be charged, substitute products or services limit the potential of an industry.

### 4.3.3 Rivalry among Present Competitors

Rivalry occurs among firms that produce products that are close substitutes for each other, especially when one competitor acts to improve its standing or protect its position. Thus, firms are mutually dependent on what one firm does affect others, and vice versa. Ordinarily, profitability decreases as rivalry increases. To (Porter, 1985), rivalry among competitors in an industry is greater when there are many small firms in an industry or no dominant firm exists.

## 4.4 SWOT AND PEST ANALYSIS

### 4.4.1 SWOT Analysis

S.W.O.T. is an acronym that stands for Strengths, Weaknesses, Opportunities, and Threats. A SWOT analysis is an organized list of your business's greatest strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal to the company (think: reputation, patents, location). You can change them over time but not without some work. Opportunities and threats are external (think: suppliers, competitors, prices)—they are out there in the market, happening whether you like it or not. You can't change them.

Existing businesses can use a SWOT analysis, at any time, to assess a changing environment and respond proactively. In fact, I recommend conducting a strategy review meeting at least once a year that begins with a SWOT analysis.

New businesses should use a SWOT analysis as a part of their planning process. There is no "one size fits all" plan for your business, and thinking about your new business in terms of its unique "SWOTs" will put you on the right track right away, and save you from a lot of headaches later on.

The point of a SWOT analysis is to help you develop a strong business strategy by making sure you've considered all of your business's strengths and weaknesses, as well as the opportunities and threats it faces in the marketplace.

The SWOT analysis provides information that is helpful in matching the firm's resources and capabilities to the competitive environment in which it operates. As such, it is instrumental in strategy formulation and selection.

#### 4.4.1.a Strengths

A firm's strengths are its resources and capabilities that can be used as a basis for developing a competitive advantage. Examples of such **strengths** include:

- patents
- strong brand names
- good reputation among customers
- cost advantages from proprietary know-how
- exclusive access to high grade natural resources
- favorable access to distribution networks

#### 4.4.1.b Weaknesses

The absence of certain strengths may be viewed as a weakness. For example, each of the following may be considered weaknesses:

- lack of patent protection
- a weak brand name
- poor reputation among customers
- high cost structure
- lack of access to the best natural resources
- lack of access to key distribution channels

In some cases, a weakness may be the flip side of a strength. Take the case in which a firm has a large amount of manufacturing capacity. While this capacity may be considered a strength that competitors do not share, it also may be considered a weakness if the large investment in manufacturing capacity prevents the firm from reacting quickly to changes in the strategic environment.

#### **4.4.1.c Opportunities**

The external environmental analysis may reveal certain new opportunities for profit and growth. Some examples of such opportunities include:

- an unfulfilled customer need
- the arrival of new technologies
- loosening of regulations
- removal of international trade barriers

#### **4.4.1.d Threats**

Changes in the external environmental also may present threats to the firm. Some examples of such threats include:

- shifts in consumer taste away from the firm's products
- the emergence of substitute products
- new regulations
- increased trade barriers

In general, an effective strategy is one that takes advantage of the organization's opportunities by employing its strengths and wards off threats by avoiding them or by correcting or compensating for weaknesses.

A firm should not necessarily pursue more lucrative opportunities. Rather, it may have a better chance of developing a competitive advantage by identifying a fit between the firm's strengths and upcoming opportunities. In some cases, the firm can overcome a weakness in order to prepare itself to pursue a compelling opportunity.

#### **4.4.2. MTN SWOT Analysis**

This SWOT Analysis of MTN Ghana provides a strategic report of businesses and operations of the company. The SWOT analysis shows strengths, weaknesses, opportunities, and threats. This SWOT analysis of MTN Ghana can provide a competitive advantage.

##### **4.4.2.a Strengths**

- existing distribution and sales networks
- reduced labor costs
- strong brand names
- high growth rate
- cost advantages from proprietary know-how

##### **4.4.2.b Weaknesses**

- small business units
- high-cost structure
- high finance costs



#### 4.4.2.c Opportunities

- global markets
- growing demand
- growth rates and profitability
- growing economy
- income level is at a constant increase

#### 4.4.2.d Threats

- financial capacity
- entrants of new telecoms

#### 4.5 PEST PECTLE Analysis

Also known as PESTLE, PESTEL, PESTLIED and SLEPT Analysis. **PEST** is a simple mnemonic standing for Political, Economic, Socio-Cultural and Technological

It is a simple, useful and widely-used tool that helps you understand the "big picture" of your Political, Economic, Socio-Cultural and Technological environment. As such, it is used by business leaders worldwide to build their vision of the future. It is important for these reasons:

Firstly, by making effective use of PEST Analysis, you ensure that what you are doing is aligned positively with the powerful forces of change that are affecting our world. By taking advantage of change, you are much more likely to be successful than if your activities oppose it.

Secondly, good use of PEST Analysis helps you avoid taking action that is doomed to failure from the outset, for reasons beyond your control.

Lastly, PEST is useful when you start operating in a new country or region. Use of PEST helps you break free of unconscious assumptions, and helps you quickly adapt to the realities of the new environment.

To use this tool, follow this three-stage process:

- Brainstorm the relevant factors that apply to you.
- Identify the information that applies to these factors.
- Draw conclusions from this information.

#### MTN PESTLE Analysis

##### Political

- Political turmoil, terrorist threat, and unrest across the Middle East and North Africa (MENA) markets may impact MTN business growth
- High corruption levels and bureaucracy in many African markets

##### Economical

- Investment in power infrastructure required by African economies
- Volatile currencies in markets where MTN operates affects telecom investment sentiment

##### Social

- MTN recognized as being a citizen –centric organization
- Rise in disposable income in the sub-Saharan market to benefit telecom sector

##### Technological

- Digitization to bring opportunities in cloud analytics
- Mobile wallets and content based offerings –an emerging business segment

##### Legal

- The setback in Nigerian operations with the Nigerian Communications Commission (NCC) penalty
- Increase in regulatory demands delay decision making and business growth

##### Environmental

- Implementation of alternative energy mechanisms
- E-waste management initiatives

Data analysis is the process of analyzing data to determine the results. Data analysis is conducted to reduce, organize and give meaning to the data. Data analysis usually begins together with data collection. The analysis techniques implemented are determined primarily by the research objectives, questions or hypothesis. Data will be broken into smaller categories and coded. The collected will be analyzed through the SWOT analysis model. (Otieno&Aliogula, 2006).

The industry shows a growth rate of about 6%.

Industry specific SWOT analysis (Relevance/Importance)

#### **4.6 Factors and trends affecting the business:**

##### **Strengths**

- High industry growth rates. (59%, 48%)
- The market size is adequate. (44%, 56%)
- The industry shows a strong relationship with suppliers and partners. (57%, 20%)
- This is a global industry. (53%, 14%)
- The industry provides future trends. (43%, 28%)
- The industry shows a strong diversification. (53%, 25%)

##### **Weaknesses**

- We see long adjustment periods in this industry. (44%, 20%)
- The structure of business units could be critical. (49%, 52%)
- Cost and income structure could be critical. (44%, 11%)

##### **Opportunities**

- New trends can increase market size. (17%, 22%)
- We see global growth opportunities. (55%, 12%)

##### **Threats**

- Price changes are possible. (17%, 39%)

#### **4.7 Optimized Competition Strategy**

Competing for your customer's loyalty and wallet, you need to deliver an optimized experience. You also need a separate strategy to address your competition.

#### **4.8 MTN Mobile Money Limited**

MTN beats competitors to International Organization for Standardization (ISO) certification for mobile money service. MTN has fulfilled a Bank of Ghana directive to telcos for ISO 27001 certification for their mobile money services, becoming the first among competitors. The central bank directive is in accordance with the new Electronic Money Issuers (EMI) guidelines. As a result, MTN Mobile Money Limited, a subsidiary of MTN Ghana is the first and only mobile money platform to have gained ISO 27001 certification in the country so far.

All the other telcos which have mobile money services (Airtel, Tigo, and Vodafone) could not meet the requirement on time, so they have been given extra time to get their act together.

ISO 27001 certification is the most reliable information security and management standards certification, which indicates that an organization has the most reliable systems, processes, and people to ensure the highest standards in managing information on its platform.

It is granted by the world renowned International Organization for Standardization (ISO), which also gives internationally recognized standards certifications for management of various sectors like health, environment, energy, anti-bribery, risk, social responsibility food safety and others, which is an endorsement of reliability.

Apart from being the first to be certified in the country, MTN Ghana's Mobile Money subsidiary is also the first in the MTN Group and in the West African Sub-region to be ISO 27001 certified.

The certification is indicative of the fact that customers could have confidence in the MTN Mobile Money platform and trust it with sensitive financial and personal information.

It is all about trust and confidence, and it only shows that our team works hard to give our valued customers not just a reliable service but also ensure that their information with us is tightly secured. MTN Mobile Money Limited has currently registered about six million customers, representing a whopping 70% of the mobile money market in Ghana.

It has over 35,000 merchants nationwide and is doing at least 26 million transactions a month, including money transfer, airtime top-up, bills payment (ECG, DSTV, MTN Post-paid Bill, GOTV), General Payment, Bulk Payment (Payroll), School Fees, Link to Bank Account, Mi-Life Insurance, Micro savings and Investment (Msusu), ATM Cardless Withdrawal, and International remittance.

Mobile Money contributed some more than six percent of the over GHC2.3 billion total revenue of the company by the close of December 2015. It is extremely important to create a professional image that is consistent. An image allows customers to recognize how the plan delivers strategically and making it all happen as a cohesive organization will create an unstoppable beast of a business with a strong competitive advantage over other businesses.

For the strategy to work, there must be regular monitoring to determine progress being made in the identified key areas. If progress is not being made, it might be helpful to discuss whether the goal was appropriate, whether sufficient resources were assigned to meeting it or whether the goal needs to be revised. Using the strategic plan in this fashion enables it to become a living document to support the long-term vision and mission for your organization. MTN said they are almost at the point where they will start paying customers interest on money in their mobile money wallets.

There was a stalemate between telcos and banks on how much interest and how the interest should be paid, but the Central Bank has now given a clear direction for banks to pay anything between 1.5 and 7 percent interest to the telcos to then forward at least 80 percent of it to their customers. MTN has completed negotiations with about 80 percent of partner banks on what interests to pay and so in a short while we will start paying interest on money in people's wallets.

## **CHAPTER FIVE**

### **RESEARCH METHODOLOGY**

#### **5.0 Introduction**

This chapter describes and explains the methodology deployed in this study and the research methods which informed the choice of methods. This research was conducted in order to identify the areas of competition within the telecommunication industry and to study the competitive strategies adopted by MTN Ghana Limited to cope with the competition. The assessment of MTN Ghana's competitiveness vis-a-vis the strategies it has taken up was also part of the objectives of this study.

In order to gather relevant data for the study, several research designs can be used. It considered research design, population, sample size, sampling technique, sources of data, a method of data collection, analysis of ethical review, explanation of variable that study on the impact and process of optimizing the competitive strategy of MTN Ghana Ltd.

#### **5.1 Research Designs**

The research design is a plan or a framework for guiding a study. The design connects the questions or objectives of the study to the data gathered. Hussey et al. (1997) summarize the numerous research designs by which a study can be described, or a researcher can adopt for a study and categorizes them according to purpose, process, logic, and outcome of the research. They further add that one particular project may be described in a number of ways as it will have purpose, process, logic, and outcome.

Quantitative research looks at many cases, people, or units, and measure limited features about them in the form of numbers. By contrast, a qualitative study usually involves qualitative data and examines many diverse features of a small number of cases across either a short or long time period and then describes it. The mixed research, on the other hand, combines qualitative and quantitative research design.

This study employs a mixed approach so that the limitations of qualitative and quantitative are

complemented. The mixed method is believed to provide more perspectives on the phenomena being studied. The qualitative approach generates verbal information rather than numerical values (Polgar & Thomas, 1995). Instead of using statistical analysis, the qualitative approach utilizes content or holistic analysis to explain and comprehend the research findings. With this, inductive and not deductive reasoning is used. The main point of the quantitative research method is that measurement is valid, reliable and can be generalized with its clear anticipation of cause and effect (Cassell & Symon, 1994).

The research used a survey because it enabled the researcher to use smaller groups of people to make inferences about larger groups which was prohibitively expensive to study (Holton and Burnett, 1997).

## **5.2 Population**

The study evaluates the competitive strategy of MTN Ghana Ltd. The strategies of the telecom are developed by the Country Management Committee comprising the managing director, head of Consumer MTN, Chief Operations Officer (COO) Chief Marketing Officer and human resources director and for that matter, all were in the study. With regards to data on the competitive strategy, workers and customers from the twelve branches of the MTN in Kumasi Metropolis were in the study. The population of the study is made up of management of MTN and staff of its 12 branches in Kumasi estimated at about 190 as well as customers of the 12 branches.

## **5.3 Sample Size and Sampling Procedure**

The three top executives of the telecom at the head office who are involved in developing strategies for MTN were included in the study. Customers included in the study were conveniently sampled from the twelve branches in Kumasi. From each branch, 10 customers were randomly selected, making a sample size of 120 customers. In addition, 48 staff, 4 from each branch was purposively sampled according to their level of education and the role they play. In all 168 participants were selected for the study. The convenient sampling method is designed for the collection of information from participants of the population who are available to provide it (Sekaran, 2003), while the purposive sampling allows the researcher to consider participants knowledgeable on the topic to be considered. These are no probability sampling strategies that are used when the elements are not given equal chance of being included in the study and when especially the elements are dispersed.

## **5.4 Data Collection Methods**

The data needed for a study can be collected either as secondary data or as primary data. Hussey et al. (1997), explain primary data to be data collected at source whereas secondary data is data which already exists. In this thesis, both secondary and primary data were utilized.

### **5.5.1 Secondary data**

Secondary data for this thesis are collected from literature (books, journals, articles, magazines, etc.), Internet, and databases. The telecom's operational manual and policy documents were also studied for some information. Books from libraries and online formed a substantial part of the literature review.

### **5.5.2 Primary data**

Primary data can be both qualitative and quantitative. Interviews and some observations fall under qualitative research methods, and other observations and surveys fall under quantitative research methods. The primary data were derived from the answers the participants gave during the survey process. In this thesis, a seemingly suitable method to collect the primary data was interview and questionnaire survey.

## **5.6 Data Collection Tools and Procedures**

Although several tools exist for gathering data, the choice of a particular tool depends on the type of research. Among the tools are focus group discussion, observation, interview, and questionnaire. In this thesis, an appropriate method to collect the primary data was interview and questionnaire survey. Content analysis of relevant documents such as the telecom's strategic plan and internal report were examined for additional information.

Data collected from customers was by the use of questionnaires which were administered randomly by the

MTN Hall Executives whilst the customers were in their queues. Some of the customers were interviewed orally instantaneously.

### 5.6.1 Interview

The aim of the research is to identify the areas of competition for MTN within the telecommunication industry and to evaluate its strategies as well as assessing its competitiveness in the industry. Since the MTN's strategies are developed by top executive officers, these officers, three in all were interviewed to solicit relevant information on strategies of the telecom. Interviews are conducted to ascertain vital information and clarification on issues that could not be fully captured through the use of questionnaires.

One-on-one interview method involving the researcher and respondents was conducted among the three executives with the help of a semi-structured interview guide. The interview guide approach ensures that the same questions are asked, and similar information is also obtained. It provides more focus than a conversational approach, but still allows a degree of freedom and adaptability in getting the information from the interviewee. Kumar et al. (1993) argue that the selection of key informants knowledgeable about the problem being researched minimizes response error, hence the selection of the top executive.

In order to limit biases and improve the reliability of the information gathered, the three executives were contacted and agreed on convenient dates. An advance information sheet was given to the interviewees to study for a week before the interview. This was done to ensure that detailed and authentic information is obtained within a limited time frame. Each interview lasted for two to three hours, and the responses were recorded and replayed for analysis.

### 5.6.2 Questionnaire

To gather data from the customers and the workers of the telecom for the study, a survey questionnaire was developed. The literature guided the development of the questionnaire. The survey questionnaire is seen as appropriate; it allows data from both sampled groups to be collected in a quick and efficient manner. The use of a survey questionnaire makes it possible for descriptive, correlation and inferential statistics analysis (Saunders et al., 2007).

Two different questionnaires made up of open-ended and close-ended questions were administered to the customers and staffs with the help of representatives in the various branches. The set of questions related to competition, strategies, and satisfaction were given to workers and customers to answer.

Both questionnaires were divided into two main sections: the profile of respondents and the survey proper. Majority of the questions were structured using the three (3) format method.

In this type, five choices were provided for every question or statement. The choices represent the degree of agreement to the given question. The choices ranged from strongly agree through agree, uncertain and disagree to disagree strongly. Other questions also provided respondents with choices ranging from the best, better than most, same as most, not good as most and don't know to select from. The Likert type of questions enabled the respondents to answer the survey easily. In addition, these allowed the research to carry out the quantitative approach effectively with the use of statistics for data interpretation.

However, some questions on the questionnaire were open-ended, requiring respondents presenting their thoughts and views. In other words, the researcher did not provide respondents with options. These questions also aided in enriching the qualitative methodology effectively.

In order to test the validity of the questionnaire used for the study, the researcher pilot - tested the questionnaire to five respondents. These respondents as well as their answers were not part of the actual study process and were only used for testing purposes. After the questions have been answered, the researcher asked the respondents for any suggestions or any necessary corrections to ensure further improvement and validity of the instrument. The researcher revised the survey questionnaire based on suggestions of these respondents. The researcher then excluded irrelevant questions and changed vague or difficult ones in order to ensure comprehension and subsequently achieve the purpose. In all 168 questionnaires were administered, 48 to workers and 120 customers of MTN Ghana Limited.

### 5.7 Data Analysis

The data collected from the interviews and questionnaires were analyzed descriptively and statistically with

Statistical Package for Social Scientist (SPSS) version 16.0 to perform descriptive statistics. Microsoft Excel 2007 was used to generate charts after the SPSS for the study. The results of the survey were presented in tables and charts. Extracts from the interview process were also integrated based on the analysis outline.

### 5.8 Limitations of the Study

Firstly, being a worker and a student made it difficult to collect data for this research. However, with the help field assistants, I was able to gather the relevant data for this research. Secondly, getting access to some sensitive information posed a great challenge. The researcher was able to overcome this through negotiation. Lastly, there was the issue of funding for the research. This was managed efficiently by allocating personal savings for the research.

## CHAPTER SIX

### DATA PRESENTATION, ANALYSIS, AND DISCUSSION

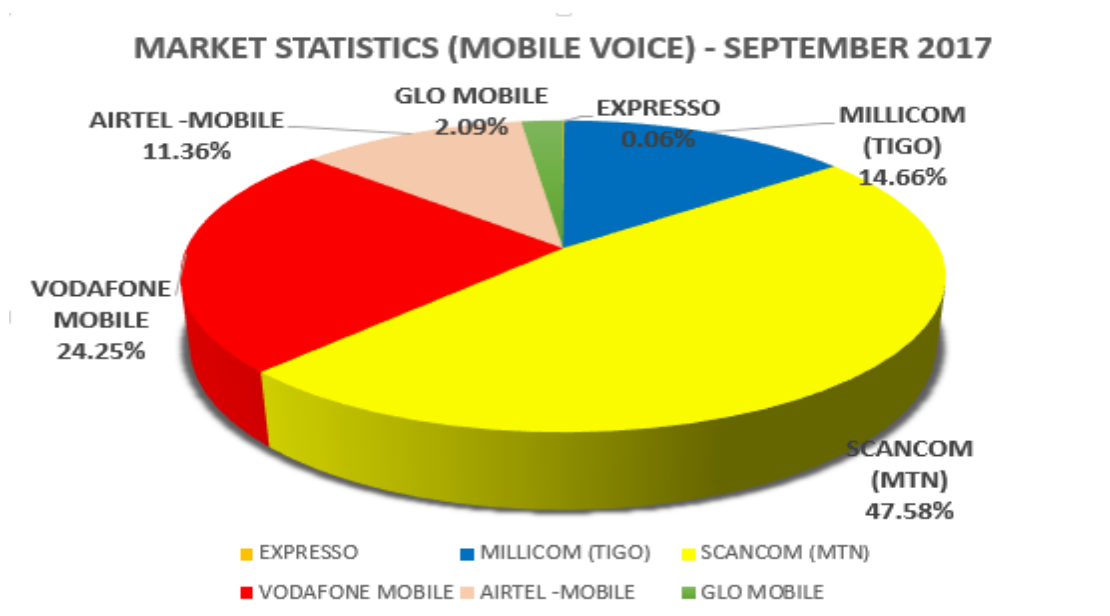
#### 6.0 Introduction

The study examines the competitive strategies of MTN Ghana Ltd. The analysis centers on the areas of competition in the telecommunication sector and the strategies MTN Ghana Ltd is using to deal with the competition and to assess its competitiveness. The chapter presents the competitive position of MTN Ghana Ltd. in relation to the satisfaction of the services provided, since customer retention, a by-product of customer satisfaction is a predictor of competitiveness of the bank. The findings are organized and presented in the form of frequency distributions, descriptive statistics, chart and tables to enable effective examination and description of the patterns of the responses.

#### 6.1.0 Telecommunication Industry in Ghana

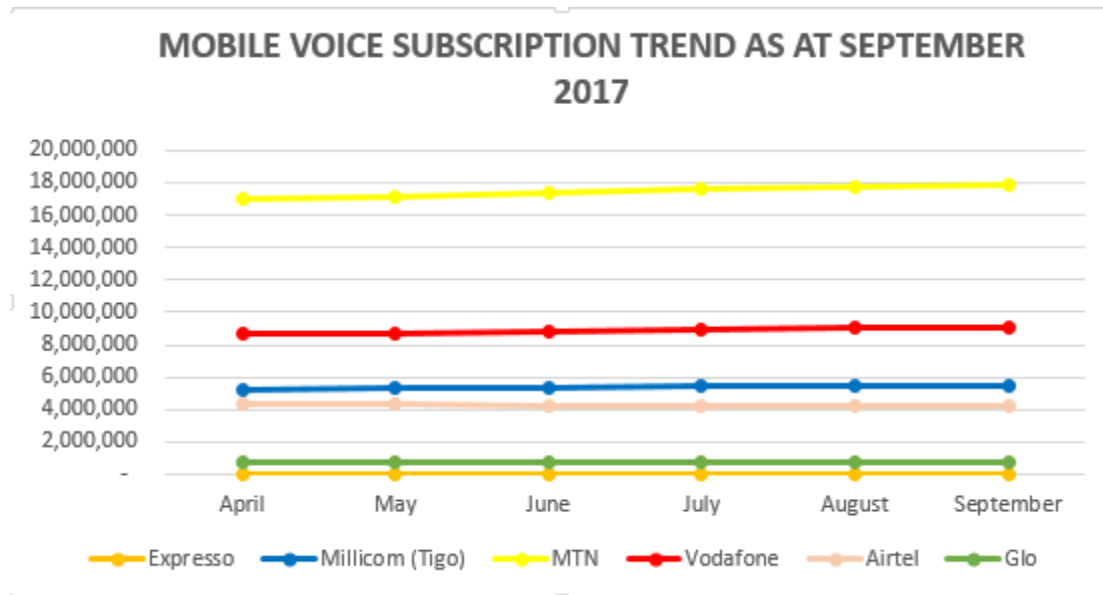
##### 6.1.1 Market Statistics (Mobile Voice)

Ghana has a vibrant mobile market on the continent, with six competing operators including the regional heavyweights Scancom MTN, Vodafone Ghana, Airtel mobile, (formerly Zain), Millicom (Tigo), Glo mobile from Nigeria and Expresso. This market survey was conducted by the ministry of communication and reported on the September 2017. The chart below shows clearly individuals standing of telecoms with Scancom MTN leading with 47.58% followed by Vodafone Mobile with 24.25%. The rest followed in succession with their percentage clearly written on the chart.



##### 6.1.2 Mobile Voices Subscribers

According to the National Communication Authority's 'mobile voice and mobile data market report shows a chart of telecoms subscribers.' The report that captures the state of the market for mobile voice subscribers in 2017 had 17.7 million representing MTN standing followed by 8.9 million representing Vodafone standing. The rest followed in succession with their millions of subscribers clearly represented on the chart.



### 6.2 Survey Response Rate

The researcher administered two separate questionnaires; one to staffs of MTN Ghana Ltd. Kumasi branches to solicit information on the competition in the banking industry and the competitive position of the bank. The other questionnaire become to customers to solicit information on the satisfaction level of customers with the services provided by the MTN Ghana Ltd. The researcher administered 48 and 120 questionnaires to staffs and customers of MTN Ghana Ltd respectively.

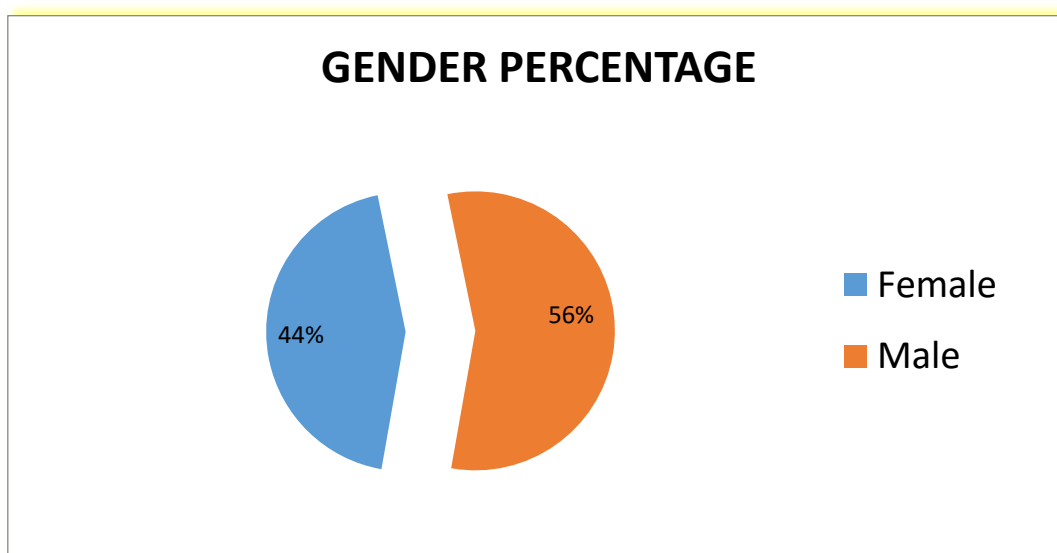
However, out of the 48 questionnaires given out to staffs 41 were retrieved, yielding a response rate of 85.4% while 109 questionnaires were retrieved from the 120 administered to customers, yielding 90.8% response rate. By aggregation, 150 questionnaires were retrieved from 168 given an overall response rate of 89.3%, which is satisfactory and high for meaningful statistical analysis.

### 6.3 Demographic Characteristics of Respondent

#### 6.3.1 Employees of MTN Ghana Ltd

Out of the 41 questionnaires retrieved from the staff of MTN, 56.1% of the respondents were male, and 43.9% were female.

Figure 6.1: Gender of Respondents



Source: Field Work, June 2018

**Table 6.1: Staff position in the MTN**

Status	Frequency	Percentage
Lower Level Management	15	36.6%
Middle Level Management	19	46.3%
Senior Level Management	7	17.1%
Total	41	100

Source: Field Work, June 2018

Majority of the respondents, 46.3% are middle level staff, 36.6% in the lower level and the least 17.1% being senior level staff. This presupposes that the information in this data represents the middle level staff of the MTN Ghana Ltd.

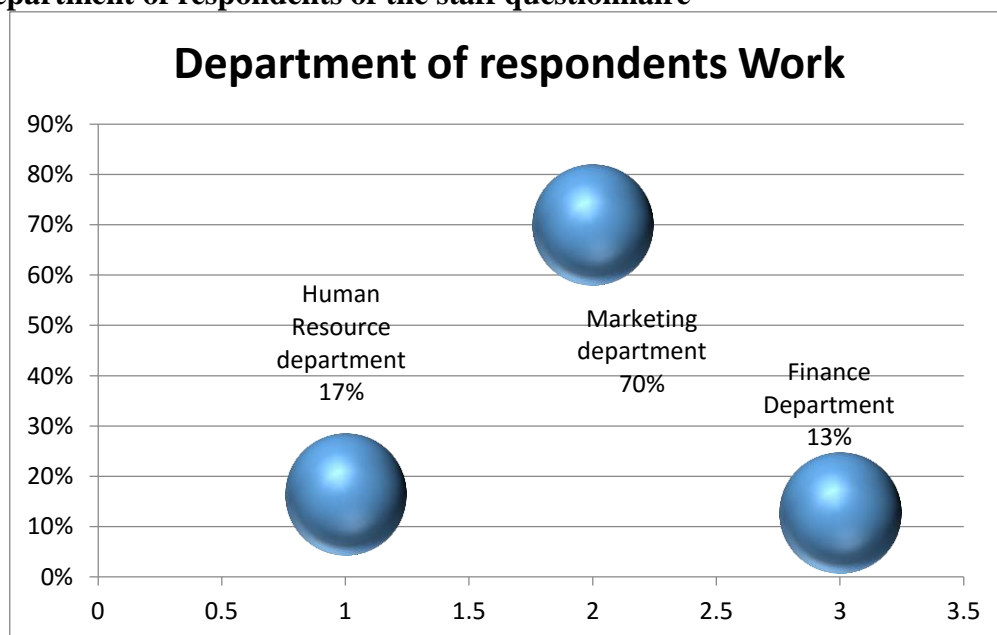
**Table 6.2: The age of the respondents of staff questionnaire**

Age	Frequency	Percentage
20-30	19	46.3%
31-40	15	36.5%
41-50	5	12.1%
51-60	2	4.8%
Total	41	100%

Source: Field Work, June 2018

The age limit of the respondent ranges between 20 – 50; 46.3% of respondents have attained the age ranging between of 20- 30 and 36.5% have also attained the ages ranging between of 31 - 40. Again 12.1% of respondents have attained the age ranging between of 41- 50 and 4.8% have also attained the ages ranging between of 51 – 60. It can also be said that MTN Ghana Ltd employment system focuses on the youth and after working for a period of 10 years, it is likely the worker move to another organization. This is supported by an item inquiring for a number of years a worker has worked with MTN Ghana Ltd.

**Figure 6.2: Department of respondents of the staff questionnaire**



Source: Field Work, June 2018

The respondents work in the various departments: 17% in human resource, 70% in the marketing department



and 13% in the finance department of MTN Ghana Ltd.

**6.3.2 Customers of MTN Ghana Ltd**

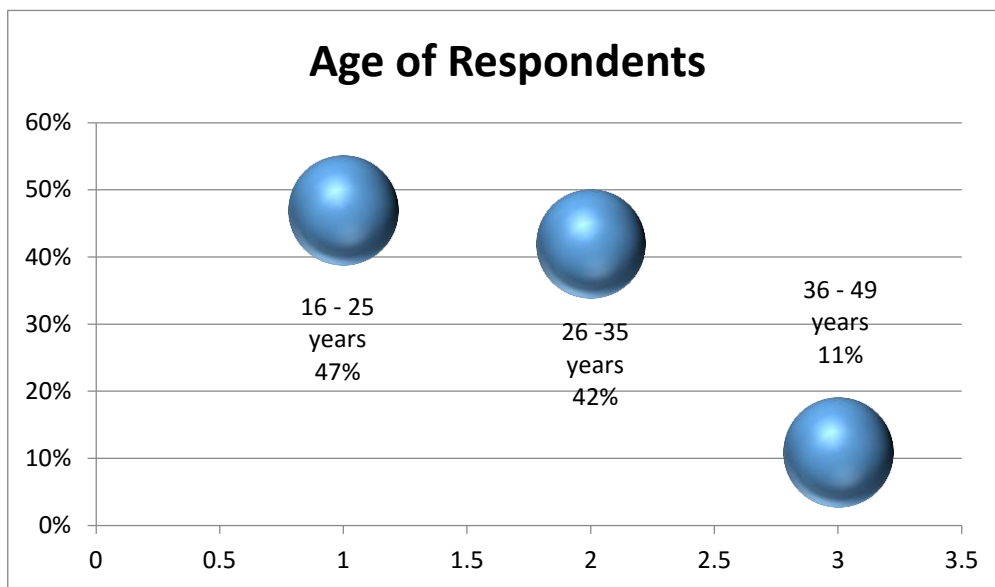
Out of the 109 questionnaires retrieved from the customers of MTN Ghana Ltd, 60.6% of the respondents were male, 37.6% were female, and 1.8% did not indicate it and treated as a non response.

**Table 6.3: Gender of respondents of customers’ questionnaire**

Gender	Frequency	Percentage
Male	66	60.6%
Female	41	37.6%
Non Response	2	1.8%
Total	109	100

Source: Field Work, June 2018

**Figure 6.3: Age range of customers who responded to the questionnaire**



Source: Field Work, June 2018

Out of the 109 of the customers’ questionnaire retrieved, the age group of the respondents (customers) revealed 47% for ages 16-25 years, 42% for ages 26-35 years and 11% for ages 36-49 years.

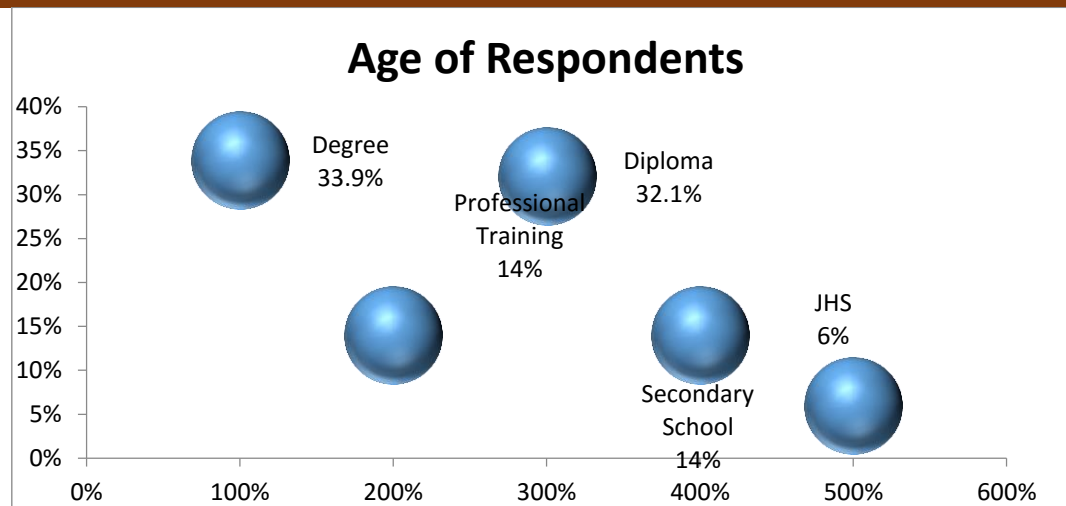
**Table 6.4: Number of year’s respondents has been with MTN Ghana Ltd**

Year Range	Frequency	Percentage
1-5	64	58.7%
6-10	44	40.4%
11-15	1	0.9%
Total	41	100

Source: Field Work, June 2018

With regards to a number of years the customers have been with MTN Ghana Ltd, the responses indicated that 58.7%, 40.4%, and 0.9% have been with MTN Ghana Ltd for 1-5, 6-10 and 11-15 years respectively.

**Figure 6.4: Educational level of customers**



Source: Field Work, June 2018

The majority of the respondents were Degree holders(33.9%), followed by Diploma holders (32.1%),Professional training (14%), Secondary school leavers (14%) and junior high school leavers(6%).

#### 6.4 Level of Competition in Telecommunication Sector

Competition in the telecom sector has become so intense, particularly in this current trend of business where companies and multi-national companies can freely move from one country to another to operate as a result of globalization and trade liberalization (Mishra et al., 2010). A lot of studies maintain that telecoms around the world are experiencing intense competition from both local and overseas telecom as well as new entrants (Bloemer et al., 1998, Griffiths et al., 2001; Hemple&Simonson, 1998) as a result of globalization and deregulation (Cheron et al., 1999; Mishkin& Eakins, 1997; Lowe &Kuusisto, 1999), which leads to the decrease in profit margins.

In a quest to find an answer to one of the research questions about what the areas of competition in the telecom industry are, management of MTN Ghana Ltd indicated that, areas of competition in the industry cut across all facets of the Company’s operations. MTN Ghana Ltdcompetes with others in areas such as pricing strategies, products innovation and/or services as well as market share. In particular, customer assets mobilization and growth, customer service and a focus on colleague agenda, i.e., staff remuneration and development formed a huge area of competition among players in the industry.

Table 6.5 Level of Competition

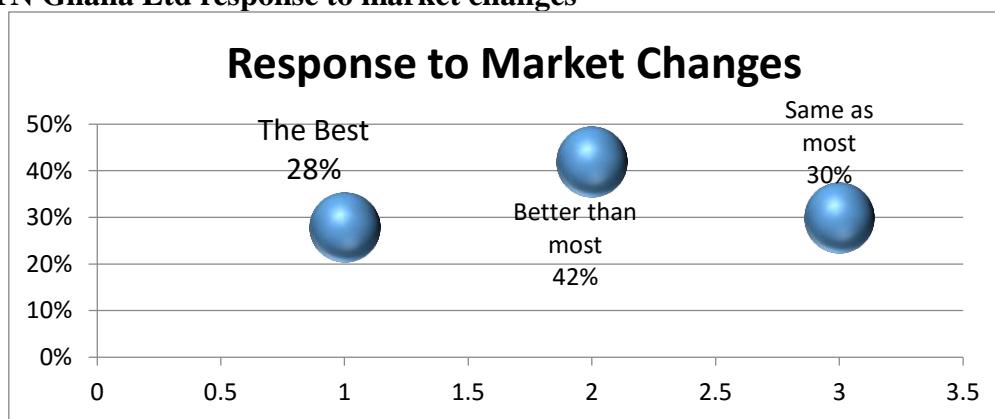
Item	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total responses
The degree of competition is high in the telecom industry in Ghana	29 70.7%	6 14.6%	-	6 (14.6%)	-	41 100
MTN Ghana Ltd charges are higher than others	11 (26.8%)	-	6 14.6%	7 17.1%	17 41.5%	41 100
Competition is necessary	22 53.7%	13 31.7%	6 14.6%	-	-	41 100
The minister for communication healthy encourages competition	11 (26.8%)	30(73.2 %)	-	-	-	41 100
Many telecoms have sprung up resulting in competition	23 (56.1%)	18(43.9 %)	-	-	-	41 100
Increase in customer awareness and sovereignty has fuel competition	11 (26.8%)	30 73.2%	-	-	-	41 100

Source: Field Work, June 2018

The intensity of competition in an industry is seen as neither a coincidental nor bad luck. Rather, competition in an industry is rooted in its underlying economic structure which goes beyond the behavior of current competitors (Porter, 1980). The findings revealed that competition in the telecom industry is as a result of favorable telecommunication policies of Ministry of communication. This institutional policy encourages new entrants and welcome foreign investors as well.

According to table 4.5, 73.2% agree to this, and 26.8% strongly agree. As a result of increase in customer awareness and sovereignty has fuel competition. The respondents responded that there are proliferations of new telecommunication institutions in the country; 56.1% strongly agree while 43.9% agree that many telecoms have sprung up as well. There is no doubt that competition in the telecommunication industry in Ghana is so intense making the industry a highly competitive one. Table 4.5 indicates 70.07% of respondents agreeing to this opinion and that 53.7% and 31.7% strongly agree and agree respectively that it is a necessity for this industry. Because of numerous telecommunication institutions in the country, customers have also become aware of the operations of the telecoms and that service operations which fall below expectation are deemed inferior and will warrant a switch of the customer from one telecom to another. Responses from the field indicate significantly (73.2%) in table 4.5 agree and 26.8% strongly agree that customer awareness and sovereignty has increased tremendously and that has resulted in competition among telecoms. Parallel to this statement is the claim that customers are becoming increasingly aware of the options on offer in relation to the rising standards of service (Krishnaveni et al., 2004). To maintain a customer requires that the telecom holds the customer as a 'king' and try satisfying his/her needs all the time and even exceeding them. Sachdev et al. (2004) argue that with the current trend of competition, customers have to make a choice among various service providers by making a trade-off between relationships and economies, trust and products, or service and efficiency

Figure 6.6 MTN Ghana Ltd response to market changes



Source: Field Work, June 2018

### 6.5 Strategies of MTN Ghana Ltd. to deal with competition

Having to gain and sustain and improve a competitive advantage is essential for competitiveness. Competitive advantages are those features and resources that enable the organization to surpass other competitors (Ling, 2000).

In management literature, successful companies are those who have an appropriate understanding about the time and place of utilizing different resources. In other words, if managers use their processing, institutional, technological financial, intellectual, innovation and client interest to increase the organization's competitiveness, the key results of their performance will improve significantly (Shurchuluu, 2002).

Table 4.6 Strategies of MTN Ghana Ltd in dealing with competition

Item	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total responses
MTN charges a lower call rate per second billing	29 70.7%	6 14.6%	-	6 (14.6%)	-	41 100
MTN charges lower fees for internet bundle	11 (26.8%)	-	6 14.6%	7 17.1%	17 41.5%	41 100
Expanded branch Network	22 53.7%	13 31.7%	6 14.6%	-	-	41 100
Vigorous advertising and Promotion	11 (26.8%)	30 73.2%	-	-	-	41 100

Source: Field Work, June 2018

According to management, the fundamental principle to MTNs philosophy is to be the leading telecommunication in Ghana, maximizing shareholders interest and the wider community in route to

providing a valued and prosperous circumference of satisfied stakeholders. It is important that MTN become flexible in order to respond rapidly to the competition and market changes. It is also important that it benchmarks continuously to achieve best practices.

It is against this backdrop that the Country Management Committee (CMC) of MTN has had to change its strategic direction. The focus is now shifted to large corporate clients. This is not to suggest negligence of the other customers in other segments.

Effectively, MTN is now adopting the niche or focus strategy as proposed by Porter (1985) answering the research question, which of the competitive strategies is employed by MTN.

In assessing the competitiveness of this strategy, it can be well said that MTN is on track. At the moment, there is less competition in this area, and as a result, MTN can employ the use of this strategy.

However, in this competitive environment, a particular trait of this strategy can be a downside. The market for this segment is always comparatively small. The telecom competes very in products such as; credit bundle for calling and browsing, mobile banking, online health care, and internet service deliveries. Therefore, overtime when others also focus their attention on them, it becomes less advantageous for the telecoms. Also, costs can be quite enormous in adopting this strategy. This is especially significant when economies of scale come into operation.

The MTN has also embarked on vigorous advertising campaign through buying airtime on selected Television and radio stations during prime times or peak periods. It has also had to lower some charges to attract more customers. 70.7% agree to this. Unparallel to this is the 26.8% who think the telecom charges lower fees to make a profit whilst 46% are uncertain.

However, 14.6% uncertain whether the MTN charges lower fees and the same percentage strongly agree. 31.7% is uncertain whether the telecom has integrated IT into its operation as against 26.8% who agree. 14.6% also strongly disagrees. In the broader picture, according to customers, IT integration in the MTN operation is not quite conspicuous and calls for attention. Management indicates some commitment in the MTN's budget towards an IT upgrades this year, but results are yet to be realized.

### 6.6 Quality of Products

Figure 4.7 Quality of products



Source: Field Work, June 2018

Simply put, quality refers to a collection of features and characteristics of a product that contributes to its ability to meet given requirement. For a telecom, it is necessary to gain the confidence of its customers, and it is possible only when products and services provided are reliable in that, they are able to meet stated and implied needs. Nearly 42% of respondents indicated that the quality of products and services offered by

MTN is better than most of its competitors. 30% also believed that MTN’s quality of products is just about the same as other players in the sector. Only about 28% thought MTN is the best in the industry when it comes to product/service quality. An interview by the researcher revealed that product development at MTN is a very critical exercise. The marketing manager and its personnel dig deep to find out the real needs of the customers and design products that suit these specific needs. In other words, products are designed with the specific needs of customers in mind. Table 4.8a gives credence to this. 74.3% of respondents agree that MTN understands their needs and about 60% also agree that they are offered tailored services that meet their exclusive needs.

### 6.7 Effects of Competition on MTN Ghana Ltd

Competition between telecoms is the lifeblood of strong and effective markets. Competition helps consumers get a good deal. It encourages telecoms to innovate by reducing waste and scrap and providing incentives for the efficient organization of production. As such, competition is a central driver for productivity growth in most economies. Its effects on industries are enormous, and MTN has received its share of these.

**Table 6.7 Effects of Competition on MTN Ghana Ltd**

Item	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total responses
There has been increased customer base	28 (68.3%)	-	13 (31.7%)	-	-	41 100
The market share of the bank has increased	28 (68.3%)	-	13 (31.7%)	-	-	41 100
There has been a rise in revenue	5 (12.2%)	17 41.5%	6 (14.6%)	-	-	28 (68.3%)
There is enhanced customer service	6 (14.6%)	23 56.1%	7 (17.1%)	-	-	36 (87.8%)
There is an increased customer waiver of charges	6 (14.6%)	30 (73.2%)	-	5 (12.2%)	-	41 100
There is an increase in profit margin	-	13 31.7%	-	-	-	41 100

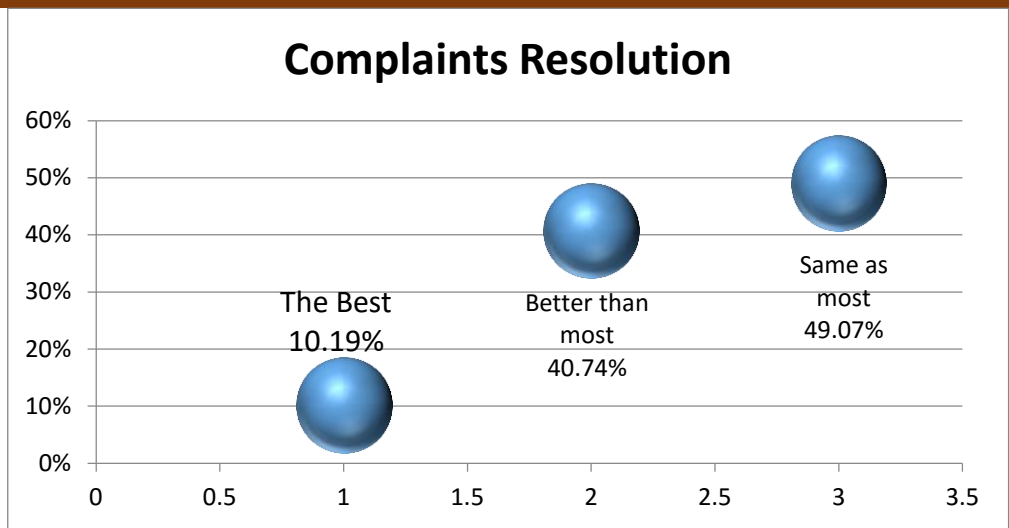
Source: Field Work, June 2018

Essentially, management shares that it has helped to increase the customer base of the MTN. Referring to table 4.7, staffs agree with management. 68.3% strongly agree that customer base and market share of the MTN Ghana Ltd has increased. The same percentage also agrees that competition has increased the profit margin of the MTN. 56.1% agrees that competition has led to the MTN Ghana Ltd in enhancing its customer service. Management reveals that, in order to maintain and encourage a certain segment of the customer base to access some of its services, it was forced to waive some charges the customer previously had to bear both in call charges and internet bundles. 73.2% of respondents agree that the competitive nature of the industry has resulted in the increase in customer waiver of charges with credit bundle promotions after the others.

### 6.8 Complaint Management

Within the Ghanaian telecommunication industry, complaints management has become an integral part of the business, especially from a customer service standpoint. Simply stated, complaints management is the formal process of recording and resolving a customer complaint or grievance. It means listening to dissatisfied customers and taking actions to remedy issues they raise, where appropriate with the use of helpline and toll free calls.

#### Figure 6.8 Ability to resolve complaints on schedule



Source: Fieldwork, June 2018

Because loyal customers can raise profit significantly, it is important that customers’ issues are addressed appropriately as soon as possible. An interview by the researcher elucidated how an effective complaint management can contribute to gain high customer loyalty and that MTN recognized the benefits and advantages of customer-oriented complaint management.

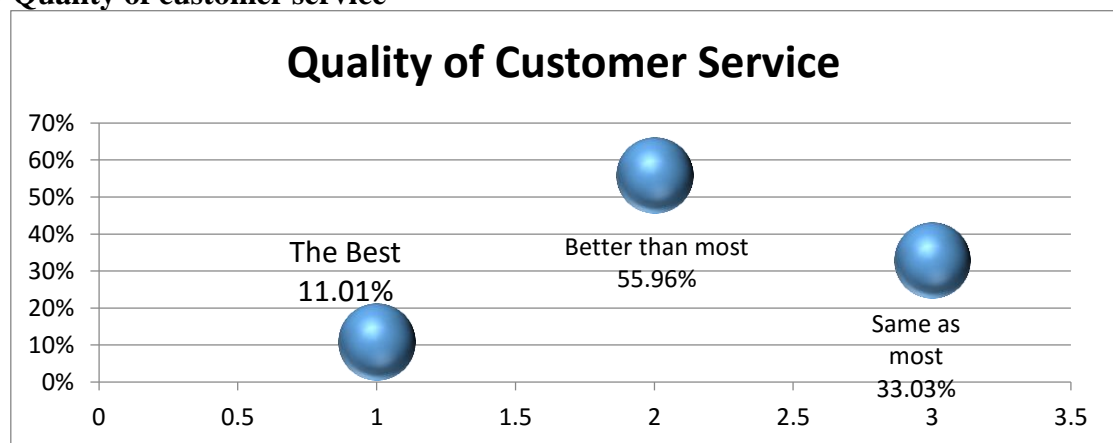
MTN has a formal complaints-handling procedure in place through the helpline system. The system segment the various complain of customs on the helpline into simple short for effective resolution. They also encourage customers to seek address with its various branches, or the business unit in which the problem originated. The telecom’s goal is to resolve these complaints at the branch level within Service Level Agreements (SLAs) which should not exceed a period not more than 72 hours of receipts of complaint. When this is unsuccessful, however, other options exist like escalating to the next level.

About half of the respondents believe that MTN’s ability to resolve complaints is just about the same as every other player in the industry. This is not quite encouraging if the company is to stay ahead of the competition because the competitive pressure on the Company market is very high.

**6.9 Service Performance**

Service performance is about the level of satisfaction MTN services give to the customer. Service delight is now the philosophy of several progressive companies over the world. With this increasing emphasis on service delight and service quality, the telecommunication industry in Ghana is becoming increasingly competitive. In this industry, for MTN to be successful, it needs more than just a competitive advantage in customer service. It needs to have unwavering loyalty from their customers. The key to providing superior service is to understand and respond to customer expectations. This is because customers compare perceptions to expectations when judging the quality of an MTN’s service offering (Parasuraman et al., 1988). It is important to note that, in Ghana’s telecommunication sector, there is a strong perception that almost all the telecoms offer virtually the same kind of products under different labels. The only key distinguisher that differentiates one product from the other in other companies is the service facet attached.

Figure 6.9 Quality of customer service



Source: Fieldwork, June 2018

**Table 6.8a: The extent of satisfaction with MTN's services**

Item	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total responses
It offers excellent services	23 (21.1%)	67 61.5%	18 (16.5%)	-	-	109 100%
MTN understands my needs	-	81 74.3%	28 (25.7%)	-	-	109 100%
It offers wider range of services	87 (79.8%)	4 3.7%	18 (16.5%)	-	-	109 100%
It offers tailored services to meet my exclusive needs	19 (17.4%)	62 56.9%	28 (25.7%)	-	-	109 100%
It is community minded/ socially responsible	23 (21.1%)	76 69.7%	10 (9.2%)	-	-	109 100%
Frequent staff training for improved service	11 (26.8%)	24 58.5%	-	6 (14.6%)	-	41 100%
Frequent staff training for improved service	11 (26.8%)	24 58.5%	-	6 14.6%	-	41 100%
Establishment of a corporate service center to serve the needs of corporate clients exclusively	5 (12.2%)	36 (87.8%)	-	-	-	41 100%
Introduction of service excellence centre	11 (26.8%)	30 73.2%	-	-	-	41 100%

Source: Fieldwork, June 2018

**Table 6.8b: The extent of satisfaction with MTN's services**

Item	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total responses
Branch proximity	39 35.8%	61 56.0%	9 8.3%	-	-	109 100%
MTN offer innovative products or new products and services	10 (9.2%)	72 66.1%	27 (24.8%)	-	-	109 100%
It is easy to access the telecoms service	9 8.3%	69 93.3%	31 (28.4%)	-	-	109 100%
Customers are treated as individual and help with their finances	13 (11.9%)	60 (55.0%)	36 (33.0%)	-	-	99 90.8%
MTN responds quickly to changes in the markets	9 (8.3%)	43 39.4%	47 (43.1%)	-	-	109 100%
Customers are given opportunity to complain	20 (18.3%)	59 54.1%	30 (27.5%)	-	-	109 100%
MTN provides high quality of products	13 (11.9%)	49 45.0%	47 (43.1%)	-	-	109 100%
MTN provides high quality customer service	12 (11.0%)	61 56.0%	36 33.0%	-	-	109 100%

Source: Fieldwork, June 2018

In order to ascertain that MTN services give maximum satisfaction, customers were asked to score the telecoms in various indicators relating to service activities. Table 4.8a and 4.8b give the various indicators which majority points to favorable responses. For instance, most respondents think MTN offers excellent services, offers a wider range of products tailored to meet their needs, treats them as individuals, is a community minded telecom and is easy to do business with. It is quite a delight to note that, close to 56% of respondents believe that MTN is offering high quality customer service better than most of their competitors as against 33% who think customer service is at par to most of its competitors on table 4.8b.

To continually improve customer service, Table 4.8a gives an indication that there is frequent training of staff on customer service. This is in line with a mention from an interview by the researcher that customer service is a philosophy and culture of the MTN and that all staff irrespective of whether customer-facing or not staff are to imbibe to improve turn-around time. The table also gives an indication in consonance with management's responses to an establishment of a corporate services center and a service excellence center. The corporate service center is to give exclusive service to the telecom's large corporate clients. The service excellence center is to oversee the whole idea of better customer service. It provides support for staff by

coming out with a weekly service circular (called the Service Telescope) outlining what extra service to give in the week and other service tips.

The expansion of branch networks was also a way of improving customer service by bringing world class telecommunication to the doorsteps of customers as the MTN Ghana Ltd puts it. It is to make service available wherever you find yourself. A remarkable 74.3% agree that MTN understands their peculiar needs whereas about 25% is uncertain. Close to 80% of customers of MTN strongly agree to MTN offering a wider range of services, and about 60% agree that these services meet their exclusive needs. These responses cement the response given by management that, product development team develops products with the customer in mind.

According to table 4.8b, 56% are satisfied with the telecom's branches proximity, possibly owing to the bank's branch network expansion about 4 years ago. The vision of the MTN Ghana Ltd then was "bringing world class banking to your doorstep." This seemed to have seen the light of day. 11.9% and 55% of respondents believe that MTN Ghana Ltd is doing best and better than most in that they are treated as individuals and are helped with their finances. 45% also believes that MTN Ghana Ltd is doing better than most in providing high quality products. 86.2% are comfortable with the telecom's modern looking physical facilities and 12.8% thinks MTN is the best in this respect. With regards to efficient and reliable services, 19.3% thinks MTN is the best, and 37.6% said it is better than most. However, 43.1% thinks MTN services efficiency and reliability are just about the same as most of its competitors. This calls for immediate attention if the telecom does not have to be at par but ahead of the competition.

## **CHAPTER SEVEN**

### **SUMMARY OF FINDINGS, RECOMMENDATIONS, AND CONCLUSION**

#### **7.0 Introduction**

This is the final chapter. It presents a summary of the findings in chapter four and also the conclusion. It also makes recommendations as per the findings as well as suggestions for future research.

#### **7.1 Summary of Findings**

##### **7.1.1 Level of Competition**

The data and discussions presented in the previous chapter indicate that MTN operates in a highly competitive environment. 70.7% of respondents strongly agree that the competition in the telecommunication industry in Ghana is keen. This is as a result of favorable policies put in place by the ministry of communication which encourage new entrants. Responses indicated that 73.2% agree and 26.8% strongly agree. Every company in the industry is fighting aggressively for a greater share of the market.

##### **7.1.2 Customer Awareness**

As a result of competitiveness in the telecommunication industry, the customers have become so powerful when it comes to making choices between services/products. Responses from the field indicate that a significant 73.2% in table 4.5 agree that, customer awareness of telecoms' operations, products and services, and their sovereignty has increased incredibly. Services that fall below expectation could easily warrant a switch from one telecom to the other.

##### **7.1.3 Areas of Competition**

Management revealed that areas of competition in the industry cuts across all aspects of telecoms' operations. However, areas that are highly competitive include pricing, products/services, customer assets



mobilization and growth, customer service and a focus on colleague agenda, i.e., staff remuneration and development.

#### **7.1.4 MTN's Generic Strategy**

According to management, the competitiveness of the atmosphere has led to MTN redirecting its attention towards its large corporate clients. This strategy is termed as the focus or niche strategy. It is to enable MTN to direct more of its resources towards this group, thus offering them total quality service and as such, charge a lower premium on calls and internet services. However, one trait of this strategy is that it always has a comparatively small market. Therefore, over time, the market may not be enough to justify the telecom's attention. It will be costly and difficult to operate when economies of scale come into operation.

#### **7.1.5 Impacts of Competition**

Competition has helped management of MTN to make positive decisions which have enabled the company to have an increased customer base. Table 4.7 indicates that 68.3% strongly agree and shares same with management over an increased customer base. They also strongly agree the market share of the telecom has increased. The competition has also resulted in a rise in revenue and an enhanced customer service.

### **7.2 Recommendations**

The following recommendations are made:

#### **7.2.1 Change of Strategic Direction**

MTN should revisit and change its future strategic direction. It is general knowledge that the non-served population in Ghana is huge and so MTN should design products for the other segments in the market and thus, take advantage of the non served population.

#### **7.2.2 A Refocus on the Colleague Agenda**

Management alludes to the fact that MTN is also getting short of highly skilled employees in certain areas like sales. This is another area of immediate and future concern. MTN loses quite a substantial number of skilled and trained staff to competitors yearly. The labor market in the telecommunication industry is very fluid resulting in the moving around of 'unsatisfied' staff. Staff remuneration should be improved and their personal development enhanced. The company has room to increase its compensation to attract more highly skilled sales managers and still be as efficient as or even better than other companies and to keep up with current and future demands from customers.

#### **7.2.3 A Refocus on Customer Service**

Many employees of MTN are familiar with the concept of offering excellent customer service. It would seem quite logical to consider incorporating a re-focus on the improved customer service into the personnel for future strategic direction. In service industries, the subject of service quality remains a critical one as businesses strive to maintain a comparative advantage in the marketplace. Since telecoms compete in the marketplace with generally undifferentiated products, service quality becomes a primary competitive weapon.

#### **7.2.4 Improvement of IT Software**

The company lacks advanced software program for some customer facing staff. These need to be properly and immediately addressed. Even though there has already been some commitment and dedication funding towards its software upgrade budget the project will have to speed up if MTN is to remain competitive in this field.

#### **7.2.5 Price Differentiation**

In order to be more competitive in the future, MTN must continue to find ways to differentiate itself from the competition. It is recommended that it does this through price differentiation as from the study; customers did complain that the telecom charges are high. The telecommunication industry in Ghana continues to grow as telecoms are able to compete with many new services. The industry gradually will become more global in nature. At present, MTN has a fair share of the market. However, it is important to note that, its market share is expected to increase year over year.

#### 7.4 Conclusion

A general conclusion drawn from the study is that there is a high degree of competition in the telecom sector. It, therefore, becomes imperative for telecoms if they are to stay and win in the competition to clearly identify their distinctive capabilities or whatever that sets them apart from rivals.

The telecommunication industry in Ghana is an attractive one. The majority of telecoms in Ghana have enjoyed considerable profits over the past several years. The government has also brought a number of interventions to make it attractive especially for new entrants. Every telecom company aims to increase its share of the market. MTN is well positioned by having the highest market share. Its position and size provide it with greater flexibility to adapt to changes in the marketplace. Moreover, MTN already has an international exposure and connections that few telecoms have in Ghana, and few are also looking forward to developing.

MTN has competitive advantages in certain niche markets of the Ghanaian telecommunication industry. Expertise in telecommunication service and internet facility, combined with an aggressive growth minded management and culture has contributed to MTN's profitable operations lately. Its long experience of relations with large corporate organizations has also contributed to this.

#### 7.5 Suggestions for Future Research

Based on the scope and limitations of the study I would recommend that in any future research, the researcher should extend the study to cover the whole of the country to include the other nine (9) regions of Ghana.

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