

Strategy Formulation and Deployment with Confluence of Continuity and Change: A Study of Telecom Service Business

by

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CERTIFICATE

This is to certify that the thesis entitled '**Strategy Formulation and Deployment with Confluence of Continuity and Change: A Study of Telecom Service Business**' being submitted by Mr. Shailendra Bahadur Khare to the Indian Institute of Technology Delhi for the award of the degree of **Doctor of Philosophy (Ph.D.)**, is a record of *bona fide* research work carried out by him. He has worked under our guidance and supervision and fulfilled the requirements for the submission of the thesis, which has attained the standard required for a Ph.D. degree of the Institute. The results presented in this thesis have not been submitted elsewhere for the award of any degree or diploma.

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Abstract

The telecommunication service sector is a highly capital intensive sector. Currently, the sector is also known for intense competition, rapidly changing technologies, consumer needs/expectations and shifting loyalties. After deregulation and consequential opening up of the sector, the business of the sector does not enjoy anymore the comfort of a captive monopoly business, cost plus regime, assured profits and a captive consumer base. The conventional strategic planning methods (which used to work in the relatively stable business environment of past) are no longer suitable for the current state of telecom business. This makes strategy formulation a challenge and the sector requires a flexible approach to strategy making. Review of management literature has revealed a new approach that the continuity aspect of the organization ought to be managed concurrently with change forces to obtain the strategic objectives related to both enterprise and customer. Based on the literature review, this research explores a new flexible approach to strategy formulation, namely, the flowing stream strategy framework.

As the study is related to telecom service provision domain, extensive secondary research on the evolutionary aspect of the telecom service sector was made. In order to pursue a flexible approach to strategy making in the sector, it becomes imperative to study in-depth the specific continuity and change force elements associated with it. For strategy formulation, the researcher needs to know, what those strategic factors are, around which, strategy ought to be formulated. The strategy formulation exercise has been conducted in first two phases of the study. The third phase is devoted to application of results of the first two phases to select cases. The final phase synthesizes the empirical study with the case studies and presents a synthesized model for strategy formulation and deployment in telecom service sector.

In the first phase of the study, the need for this research was gone into, research questions were firmed up, research objectives were decided, scope of the study defined, and the research methodology to be adopted was chosen. As the strategy formulation consisted of determination of sub-variables in respect of four macro-variables (continuity forces, change forces, customer factors, and enterprise factors). The first phase has been devoted first to identify these four sets of factors from the literature and then statistically validating them by analyzing responses from senior telecom service sector executives through a structured questionnaire. During this phase, the possible relationships based on the chosen flexible strategic framework, among the four sets of research variables were hypothesized. Thereafter, hierarchies among these elements were developed using an innovative methodology, namely, Total Interpretive Structural Modeling (TISM). The hierarchies so developed have been used in assessing the relative importance as well as the inter-relationships of various factors and forces, which help in strategy development in this fast changing industry.

In the second phase, an empirical study has been conducted to test the hypothesised relationships among the research variables. The responses to the survey questionnaire were analyzed, firstly, to establish reliability and validity of data, and then cluster / discriminant analysis was carried out to categorize the companies into high and moderately performing clusters. Multiple regression analysis was carried out to test the interaction and relationships among the macro and micro- variables. These statistical tests were carried out using the software package SPSS Version 16. The results of TISM and the regression analysis were combined to arrive at the validated model both at macro and micro level.

Case studies have been undertaken in the third phase of study. Two prominent telecom service operators were selected, one from the private sector and the other one from the public sector. The first company, namely, Bharat Sanchar Nigam Limited (BSNL), is a hundred percent central government owned public sector undertaking and the second one is Airtel which is the number one service provider of the country and is

from the private sector. Finally, in the last phase, the results of the empirical study, TISM and the case studies have been synthesised, based on which a validated model has been suggested.

It has emerged from the findings of the study that managing continuity force variables (in particular, company ownership aspect and core competence) is a more significant predictor of strategic (enterprise and customer) factors compared to change force variables. Another notable finding is that the interaction of continuity and change force variables explain greater variation in strategic factors compared to when these are addressed or managed independently. The important change force variables (which have emerged as significant predictors of strategic factors) are changing customer needs, emerging new technologies, open competition, and government policy and regulation. Finally, the validated models both for macro and micro variables as obtained through empirical study and TISM indicate that the model fits well with proposed hypotheses.

The results of the study reinforces the basic tenet that managing continuity and change concurrently is a significant predictor of strategic factors. The research has contributed by giving a validated research model, the relationship paths and case insights/ recommendations. The study has presented a fresh approach by presenting a framework of strategy formulation through linking management of continuity and change to strategic (enterprise and customer) outcome factors in the context of telecom service sector in India.

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