

**Anexa 84. Rezumatul tezei în limba engleză**

**ABSTRACT OF THE PHD THESIS “STRATEGIC MANAGEMENT OF THE  
MOBILE TELEPHONY OPERATORS FROM ROMANIA”**

The telecommunications industry represented 3.3% of the worldwide GDP in 2007 compared to 2.75% in 1999 and 0.5% in 1980. From 6.5 billion inhabitants at a worldwide level at the beginning of the year 2007, we could count 1.1 billion Internet users, 1.3 billion fixed telephony lines and 2.6 billion mobile phones (3 billion mobile phones at the beginning of the year 2008). The mobile phones' explosion was faster in the developing countries, while the fixed networks were less spread. In some developed countries, the mobile phones equipment reached its saturation point, what opened the road for 3G technology.

The main research direction of the thesis entitled “Strategic management of the mobile telephony operators from Romania” can be defined as follows: How do the mobile telecommunications companies intend to develop themselves, maintaining the competitive advantage in an environment with a fast technological evolution? The research will be focusing on the competitive behaviors and the rivalries between the mobile telecommunications actors present on the Romanian market.

On the basis of the strategic management literature, we have created some research axes: Which are the strategic management analysis models and instruments specific to the mobile telecommunications companies? Which are the dominant strategies of the mobile telecommunications companies present on this market? What strategies and strategic models can be used to foresee the mobile telecommunications companies' evolution?

Behind these axes, other pragmatic research directions are present when we analyze such a situation: the main influence elements on the adopted strategies by the mobile telecommunications providers (the influence of the technology on the mobile telecommunications companies' strategic management), the mobile telecommunications companies' evolution in relationship with their environment (the opportunities and strategic choices made by the mobile telecommunications group at a worldwide level and, particularly in Romania); the competition, on one hand and the presence of the new

entrants, on the other hand (the attitude towards new entrants on the market; the specific of the mobile telecommunications companies, their origin, ambitions etc.).

In the first chapter entitled “Strategic management – the most evolved level in the management’s evolution” we made an analysis of the specialized literature on strategic management and strategy – as a component of strategic management, to make the necessary connections between the two concepts and establish the current level of the research in this scientific field. Thus, we began with the presentation of the emergence and evolution of the strategic management, the research field on the companies’ behavior and performance, followed by the analysis of the concept of strategy.

The strategic management field began to shape in 1960 with the impact of the writings of three well known writers – *Strategy and Structure* (1962) by Alfred Chandler, *Corporate Strategy* (1965) by Igor Ansoff and *Business Policy: Text and Cases* (1971) by Learned et al. These three authors were the first that gave a form to the basic concepts of strategic management and delivered the fundamentals of the strategic management field. (Rumelt et al., 1994; Hoskisson et al., 1999; Pettigrew, Thomas and Whittington, 2002; Déry, 2001). They defined a number of concepts and fundamental proposals such as the way in which strategy affects performance, the importance of external opportunities and internal capabilities, the idea that structure follows strategy, the practical distinction between formulation and practice, the active role of leaders in strategic management.

Strategic management within the telecommunications field is a new area that has not been approached by the specialized literature in Romania. In this goal, we referred to the level of knowledge regarding the strategic management, while the specific strategies were applied on the example of the mobile telecommunications providers from Romania

The second chapter “Methods, techniques and instruments of the strategic management” went further more and focused on the main strategic management analysis specific to mobile telecommunications field: activities portfolio matrix, scenario planning, Porter’s strategic approaches, the shipflag firm model and the Pehrsson’s strategic states model. A part of these models were used in the strategic analysis of the mobile telecommunications companies present on the Romanian market.

The key factor that determined the choice of the theoretical models depended on their ability to understand the change within the mobile telecommunications sector. Besides

the SWOT analysis, the reference models are issued by three main consultancy cabinets: B.C.G. matrix (Boston Consulting Group), A.D.L. matrix (Arthur D. Little) and McKinsey matrix. All these are based on the following fundamental concepts: the state, the market evolution and the competitive position within the strategic activity field.

In the third chapter “Strategic diagnosis of the mobile telecommunications operators present on the Romanian market” we approached the international and national development of the mobile telecommunications companies from Romania using the SWOT and flagship firm models, followed by the analysis of the competitive environment of the mobile telephony market using the Porter’s five forces model and Pehrsson’s strategic states model.

Romania is the country that registered the highest evolution of the mobile telephony services’ penetration rate in 2007, with a growth of 25%, representing 6 percentage points over the maximal evolutions of U.E.’s 15 countries.

Orange, Vodafone, Cosmote and RCS&RDS operators go shoulder to shoulder in the same direction of data services and wideband services - segments with the highest potential of growth. The differentiation on a mature market is made throughout innovation and quality.

Competition is based mainly on price. Low prices attract the clients with a limited budget, but they can present an interest for those who buy great quantities of services. The client has to understand that he must not associate price with quality. The provider has to make sure that all the costs linked to the sale allow obtaining advantages. Some companies based their entire strategy on small prices’ leadership, such as the Cosmote company. Besides the small prices, an efficient distribution is crucial for the telecommunications providers. This is due mainly to the varied clients. The theoretical and practical fundamentals of the price in the mobile telecommunications changed with technology development and market structure. Together with the monopole withdrawal, the price became influenced by the compensation mechanisms put into practice by the interconnection tariff between the networks.

The mobile telecommunications represent an industry in which different networks are in competition to attract clients. The providers’ strategic decisions depend on the interaction with other networks and are constrained by the legislation.

In the fourth chapter “Strategic options within the mobile telecommunications” we analyzed the main strategies for the mobile telecommunications sector: the competition throughout advanced technologies – with an accent on the technological advances within the mobile telecommunications and, mainly, on the evolution of the companies with 3G licenses; the agreement strategy – taking the case of the tacit agreements between the Orange company and other mobile telecommunications companies; the strategies of alliances and fusions-acquisitions – having as example the international development of Cosmote, Orange, Vodafone and, the strategy of convergence – the most important example being the RCS&RDS company.

The technical–economical development was seen as a key component of a wide phenomenon, “a global structural change” (Waesche, 2003, p. 10). The technological change led to the market globalization, reducing the distance and costs of communication and information processing, permitting the companies to escape from the national legislative constraints. The globalization was powerful within the telecommunications field. The providers’ economic strategies were led by the technological revolution and the investments in technologies that could not be recovered only by serving the national markets individually. Moreover, the demands from the multinational companies which look for cheaper telecommunications services and a more varied offer represented another factor of liberalization which could be put under the sign of globalization.

The restructuring within the telecommunications sector continued to be in the center of attention. All the time, the press spoke about the acquisitions, alliances, fusions, new-entrants etc. in this field. These movements confirmed the mobile telecommunications operators’ need to revise their strategies. The technological innovation and mondialization led to growing needs regarding the mobile telecommunications services at a worldwide level. Associated with the movements of privatization and deregulation, these evolutions completely modified the traditional competitive landscape. The most profitable segments (the fixed and mobile telephony) were opened to the competition and thus were wanted by the new-entrants (alternative providers, mobile telephony companies etc.) which dispose of performing technologies with a powerful focalization on the client.

The last chapter, entitled “Research on the strategic orientations of the mobile telecommunications operators from Romania – the case of Orange Romania Company” is

based on the data analysis obtained throughout a study made at the level of the sales representatives and store managers of the Orange Company stores from Romania. The obtained results were extrapolated at the whole mobile telecommunications market from Romania. Thus, it resulted growing and differentiation strategies specific to the national mobile telecommunications industry.

The current study led to results that, on one hand, confirmed the strategic management utility within a specific context and, on the other hand, affirmed the strategic components particularity of the mobile telecommunications companies from Romania.

This research results established the fact that strategic management didn't remain only applicable, but it had been applied within the specific context of the mobile telecommunications providers present on the Romanian market.

According to this study, we can conclude that the individuals prefer the mobile telephony services based on subscriptions in a percentage of 73.4%, the medium value of the subscription being 10.99 euro, while an individual pays monthly 6.64 euro for pre-paid services. These types of clients want subscriptions with national and network included minutes (Dolphin subscription)

The companies prefer mobile telephony services based on subscriptions in a percentage of 100%, with a medium value of the subscription of 69.53 euro. (mainly BFG 50 E subscription).

The Orange Company follows a new strategy (innovative strategy). There is no relationship between the position within the company (sales representative or store manager) and the way that the strategies, plans and acting policies are communicated to them; they are informed throughout formal documents and informal discussions.

The individuals choose the mobile telecommunications services of the Orange provider because of: the reduced tariffs (for calls/ subscriptions/ other services), the quality and availability of the customer relationship service and the promotional offers. On the other hand, the companies choose the mobile telecommunications services of the Orange mobile operator for: the network coverage, the quality and availability of the customer relationship service, the diversity of the auxiliary services, the range and prices of the mobile phones, the costs paid by those that make a call within this network, the

usage of a last generation technology and the fact the persons they know are subscribers within the same network.

The success factors regarding the competitiveness on the individuals' segment are: the domination throughout small prices, the connection at a high speed and the human resources' competence. We can observe a tight link between the domination throughout small prices, and the human resources' competence, the high speed connection or the rapid diffusion of innovations.

The success factors regarding the competitiveness on the juridical persons' segment (companies) are: the domination throughout small prices, the operator owns its telecommunications network, the high speed connection, the rapid diffusion of innovations in telecommunications and the human resources competence. Between the rapid diffusion of innovations in telecommunications, the high speed connection, the operator owns its telecommunications network and the human resources' competence there is a tight link.

Analyzing the answers, the Orange Company makes use of some strategies: strategic alliances strategy, fusions-acquisitions strategy and tacit agreements strategy. The provider takes into consideration the following growing elements: the clients' base expansion and the offered services' development.

The competitive dimensions that the company consider are: the continuous communication with the client, the personalized offer for the client, the variety of the offered services, major innovations, the control of the key technologies and the data transfer speed.

Regarding the mobile telecommunications sector, the following elements are important: the technological changing rate, the degree of the technology's complexity, the difficulty degree in foreseeing the clients' tastes, the research and development of new services and technologies.

The elements with a powerful influence on the mobile telecommunications sector from Romania are: the favorable global macroeconomic conditions, the global growth of the capital investments, the weak buying power, the substitution products, the globalization and alliances among the network providers, the rapid technological change and the competition between varied technologies.

The central problem is that the mobile telecommunications operators from Romania have to find several development measures, sustaining the competitive advantage, focusing on their strengths and opportunities, while they avoid the weaknesses and threats. The technological development, together with the tendency towards convergence of the mobile telecommunications services are elements of positive influence of the mobile telecommunications market from Romania. There are also some threats represented by the market maturity and the loose of clients, due to the legislation regarding the numbers' portability.

Nevertheless, the mobile telecommunications market from Romania is competitive and the companies present on this market have to put into practice innovative strategies so as to maintain their current clients and attract new clients either from other providers due to the numbers' portability legislation or from the population that lives in rural areas and doesn't has access to the mobile telephony services due to the lack of signal.