



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**An Assessment of Competitive Strategy Practice: in the Case of
Ethio-telecom's Headquarter**

**BY
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**JUNE 2023
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST. MARY UNIVERSITY, SCHOOL OF
GRADUATE STUDIES, IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTERS OF BUSINESS
ADMINISTRATION**

**ADDISS ABABA, ETHIOPIA
JUNE 2023**

**ST.MARY’S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA PROGRAM**

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DECLARATION

I, the undersigned, declare that this thesis is my original work prepared under the guidance of my advisor, Berihum Muche (PhD) and has not been presented for degree in any other university and that all sources of materials used for the thesis have been appropriately acknowledged.

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ENDORSEMENT

This thesis has been submitted to St. Mary's university, School of Graduate studies for examination with my approval as a university advisor.

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June 2023

ACKNOWLEDGEMENTS

Praise to God always for helping me in all aspects of my life including the achievement of this program. Then, I am deeply grateful to my advisor Berihun Muche (PhD), for his expert guidance, helpful criticism, valuable constructive suggestions and encouragement at every stage during the completion of this work. I also have to give a big thanks to Ato Abdu Nursbo for helping me identify the employees later used as the population of the study, without whom and all respondents working at the headquarter of ethio telecom, the research wouldn't've been possible.

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ACRONYMS

IBTE Imperial Board of Telecommunications of Ethiopia

ETC Ethiopian Telecommunications Corporation

ET Ethio Telecom

IT Information Technology

ICT Information Communications Technology

SWOT Strengths, Weaknesses, Opportunities, and Threats

PESTEL Political, Economic, Social, Technological, Legal and Environmental

R&D Research and Development

EDI Electronic Data Interchange

RFID Radio-Frequency Identification

CRM Customer Relationship Management

ABSTRACT

The purpose of this study was to assess ethio telecom's competitive strategy practiced to compete in the industry it previously had monopoly over. As part of Digital Ethiopia 2025's first major step towards a more connected and efficient economy, the telecommunication industry monopoly in Ethiopia ended. Following that, Ethio telecom faced an aspect of business operation it hadn't before due to its monopoly over the telecommunication industry, competition. The study used descriptive survey design as it sought to describe the topic within it objectively, and data was analyzed using statistical tools based on summarized comparisons using percentages and ratios. The entire population was used as the sample of the study due to the amount not exceeding 100. The target population for this study was 68 respondents from employees working in the headquarter of ethio telecom with reasonable working knowledge on the topic of the study to give adequate answers. The employees were a combination of managers, supervisors, experts and specialists. As a result of competition being a recent business concept for ethio telecom, there isn't a proper structure of employees in a clearly defines hierarchy there to deal with it. Therefore, great care was taken when targeting employees capable of providing good enough answers. The research used a structured questionnaire to collect primary data. The findings of this study indicated that ethio telecom applies combined competitive strategies of cost leadership, differentiation and focus strategies for competition, with a more emphasis on the differentiation strategies. The study also found out that technological, competitive, political/legal/ and socio-cultural factors are main external factors whereas technological resource, financial resource factors and reputation of ethio telecom are main internal factors that have significant influence on the ethio telecom's decision on formulation and selection of its competitive strategies. Based on these conclusions of the study, the researcher recommended that ethio telecom establishes a proper organizational structure in dealing with its competitive strategies formulation and implementation, as well as emphasize on competitive strategies relating to customer retention since it has almost all of the customers in the Ethiopian telecommunication industry. Moreover, the researcher recommended that ethio telecom have monitoring and communication systems that allows the company to observe and report any changes in the telecommunication industry for any adjustments and prevent and mitigate any risks and negative impacts from the internal and external factors the company faces.

Keywords: *Competitive Strategy, Porter's Generic strategies, Monopoly*

CHAPTER ONE: INTRODUCTION

1.1. Background of the study

A competitive strategy is an action plan that is developed by a companies to achieve a competitive advantage over their competition. This strategy is devised after assessing the strengths, weaknesses, opportunities, and threats of the competition and comparing them with their own. Competitive Strategy is defined as the long term plan of a particular company in order to gain competitive advantage over its competitors in the industry. It is aimed at creating defensive position in an industry and generating a superior return on investment. (Lawrence et al., 2011)

The operating environment for businesses has become more and more competitive as firms strive to outperform each other. In order to remain competitive, firms need to devise strategies that will help them build competitive advantage which they can then seek to sustain. David, FR, (2011). Competitive strategy as defined by Porters (1996) is the search by firms to exclusively find favorable business competitive position in an industry.

Competitive strategy is a quest for superior performance through establishing competitive advantage over rival firms. Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors Mintzberg, H (1978).

According to Porter (1985), the notion underlying the concept of generic strategies is that competitive advantage is at the heart of any strategy, and in order to attain competitive advantage the organization has to make a choice about the type of competitive strategies , it seeks to attain and the scope within which it will attain it. Porter (1980) also argued that the three generic competitive strategies are differing in dimensions other than the functional differences so that implementing them successfully requires different resources, leadership skills and working environments. The generic competitive strategies also imply differing organizational arrangements, control procedures and incentive systems.

A business can maximize performance either by striving to be the low cost producer in an industry or by differentiating its line of products or services from those of other businesses. Either of these two approaches can be accompanied by a focus of organizational efforts on a given segment of the market. Any organization that fails to make a strategic decision to opt for one of these strategies is in danger of being “stuck in the middle”. The organization in failing to decide, tries both to be

the cost leader and differentiator and achieves neither, and in the process confuses consumers. (Mackay & Zundel, 2017) .

Nowadays both domestic and international competition are thriving at all levels. With the rise of globalization, more and more competition is coming from international sources. The Ethiopian government's explicit control over media and news, internet traffic, and trade via telecommunication not only pose threats to privacy but also limits competition, following that Digital Ethiopia 2025 is championing is the privatization of the telecommunications sector. (Portuese, 2021.)

1.2. Ethio Telecom

Ethio telecom formally known as the Ethiopian Telecommunications Corporation is an Ethiopian telecommunication company serving as the major internet and telephone service provider. Ethio telecom is owned by the Ethiopian government and has maintained a monopoly over all telecommunication services in until the privatization of the telecommunications sector in Ethiopia's first major step towards a more connected and efficient economy, as well as towards more protections for Ethiopians and their access to information, that is Digital Ethiopia 2025.

Based in Addis Ababa, it is one of the "Big-5" group of state-owned corporations in Ethiopia, along with Ethiopian Airlines, the Commercial Bank of Ethiopia, Ethiopian Insurance Corporation, and the Ethiopian Shipping Lines. Ethio telecom was managed, on a management contract arrangement from 2010 to 2013, by France Télécom, and was required to comply with Ethiopian government orders.

Originally, a division of the Ministry of Post, Telephone and Telegraph, what would become the ETC was established as the Imperial Board of Telecommunications of Ethiopia (IBTE) by proclamation No. 131/52 in 1952. Under the Derg regime, the IBTE was reorganized as the Ethiopian telecommunications service in October 1975, which was in turn reorganized in January 1981 as the Ethiopian Telecommunications Authority. In November 1996, the Ethiopian Telecommunications Authority became ETC by Council of Ministers regulation No. 10/1996. The subsequent Proclamation 49/1996 expanded the ETC's duties and responsibilities.

In late 2006, the ETC signed an agreement worth US\$1.5 billion with three Chinese companies, ZTE Corporation, Huawei Technologies and the Chinese International Telecommunication Construction Corporation, to upgrade and expand Ethiopian telecommunications services. This

agreement will increase the number of mobile services from 1.5 million to 7 million, land line telephone services from 1 million to 4 million, and expansion of the fiber optic network, from the present 4,000 kilometers to 10,000 by 2010. It is part of a larger US\$2.4 billion plan by the Ethiopian government to improve the country's telecommunications infrastructure.

In 2018, the mobile service business has reached 85% of the country. In February 2018, it was reported that Ethio telecom had 64.4 million subscribers making it the largest telecommunication services operator in the continent. The operator runs three terrestrial fiber optic cables with a capacity of 42 Gbit/s to connect Ethiopia to the rest of the world via Kenya, Djibouti and Sudan. In August 2019.

Ethio telecom, with a new beginning and a new perspective, has begun implementing its newly devised three-years LEAD Growth Strategy starting from July 01, 2022, with a vision of providing services beyond connectivity, enabling inclusive growth by providing digital and financial services and simplifying the daily activities of organizations and individuals.

As part of its commitment to realizing Digital Ethiopia and of its 128 years of resilient journey and togetherness with Ethiopian people in providing telecom services, Ethio telecom commenced 5G network on 10 May 2022 for pre-commercial sale in partnership with Huawei Technology. Particularly, the 5G network service has been deployed in Addis Ababa, the capital city of the country and the diplomatic seat of international and continental institutions as part of the commitment of the company's aspiration to become a leading digital solutions provider.

Likewise, the company has expanded 5G mobile technologies in Adama city on November 2, 2022, on pre-commercial level by considering the existing and enabling conditions to fully expand and market the service in the time ahead. This latest technology not only meets the ever-evolving demands of customers but can also have a transformative impact on the blossoming businesses activities in Ethiopia and the ongoing national digital economy transformation agenda as well as will highly boost the level of the society's technology usage. Over the years, ethio telecom has been the only state-owned telecom service provider in Ethiopia. However, following the country's political administration change and reform, license was given to Safaricom telecommunications Ethiopia and has now fully operation in Ethiopia since August 2022. Furthermore, an international bid is floating to partially privatize the company. There will be multiple telecom operators in the race in not the distant future.

With Ethio Telecom experiencing a debut competition in a market it previously monopolized, the state-owned telecom is also gearing up to maintain its relevance. Ethio telecom launched several mobile financial services in recent months, including an e SIM service. In September, it announced its plan to launch a music and video streaming service. The company is also said to have a new three-year strategy, with ambitions to grow subscriber numbers by 10.3% to 73.5 million over the next year.

1.3. Statement of the Problem

In the past decades, the advancement of Information Communications Technology has made the worldwide telecom sector grow at an incredible rate. Prior to the telecom sector reforms undertaken in many countries during the previous two decades, telecom services were generally provided under monopoly conditions, either by state institutions or, to a lesser extent, by private enterprises.

However, as telecommunications technology advanced, the qualities of natural monopoly began to fade. As a result, competition has been introduced to the telecommunications industry, implying that telecommunications may and should be operated in a regular market context, and despite taking too late to do so, Ethiopia has recently introduced competition to its telecommunicating industry.

Since the legal modifications, such as deregulation and removal of the monopoly, that change telecommunications sector fundamentally, there have been many studies have been conducted. The studies were conducted to assess the added nature of competitiveness in the telecommunication industry and the competitive strategies chosen and implemented by the telecom business organizations to compete in the no longer stately monopolized telecommunication industry. (Enhan, Górriz, Bellaterra, & Del Vallès, 2016.)

However, due to the phenomenon of removing monopoly in the telecommunication industry reaching Ethiopia just recently, there are few to none research studies that have been conducted exploring the topic of business competition in the Ethiopian telecommunication industry. Alternatively, the strategies used by the ethio telecom to compete in the industry. (Nigat-Partial Privatisation of Ethio Telecom, 2021)

Even though the competition facing ethio telecom is in its early stages, since its official telecommunication service launch on October 2022 in the country's capital, Safaricom Ethiopia's 2G, 3G and 4G mobile services are available in 11 cities, including the capital and the country's second largest city Dire Dawa. The company plans to launch services in a total of 25 cities by April 2023 to meet the 25% population coverage obligation in its license.

Using multimedia aggressive advertising and promotion and bringing in its international consortium expertise here, safaricom Ethiopia, in just a few months has become a well-known telecommunication service provider in the country. With its ubiquitous service provider shops, customer alluring advertisements and with the common belief that new is always better, safaricom Ethiopia has become a significant competition for ethio telecom, which has no previous experience with competition in the Ethiopian telecommunication industry.

Therefore, the research study was conducted to assess ethio telecom's readiness to compete for the first time since its conception. Moreover, to generate new knowledge that can inform the companies in the Ethiopian Telecommunication industry, fill the gap in the growing body of knowledge and literature that exists on the topic of competition in the telecommunication industry within the Ethiopian context, and pave the way for more and in-depth research studies in the same study area.

1.4. Research Questions

The study was conducted in order to answer the following research questions:

1. What are the competition strategies practiced by ethio telecom?
2. What are the internal factors considered in the selection of ethio telecom's competitive strategy?
3. What are the external factors considered in the selection of ethio telecom's competitive strategy?

1.5 Objectives of the Study

1.5.1 General Objective

- To assess the competitive strategy practice of ethio telecom.

1.5.2 Specific Objectives

- To assess the strategy practiced by ethio telecom for competition.
- To investigate the internal factors considered in the selection of ethio telecom's competitive strategy.
- To identify the external factors considered in the selection of ethio telecom's competitive strategy.

1.6 Significance of the Study

The study has assessed the competitive strategy selected by ethio telecom in order to compete in the previously monopolized Ethiopian Telecommunication industry. The study will play a vital role in helping ethio telecom assess its readiness to compete for the first time since its conception and the appropriateness of its selected competitive strategy and pave a way for any necessary improvements to be made.

Due to the fact that the concept of competition in the telecommunication industry is a relatively new one in Ethiopia, the study conducted here will serve as a baseline data/secondary source of data/ for future researchers to expand upon in the same area. On top of that, the study, will also help in filling the gap that exists within the body of knowledge in regards to the competitive strategies of companies in the Ethiopian telecommunication industry.

1.7 Scope of the Study

The research study was conducted in order to assess the competitive strategy selected by ethio telecom in order to compete in the previously monopolized Ethiopian Telecommunication industry. The scope of the study was delaminated on the three generic strategies for competition and the internal and external factors influencing their selection. Questionnaires were used to collect the data and descriptive analysis was used for the data analysis. The study, in the data collection phase, has covered employees working in the headquarters of ethio telecom located in Addis Ababa and has targeted employees with a substantial level working knowledge of ethio telecoms strategies for competition. The employees targeted for the questionnaire for data collection were the management staff in the marketing department, supervisors, expert, and specialists at the headquarter of ethio telecom, able to give adequate answers in regards to the company's strategy for competition. In the conduction of the research study, all the necessary data was collected, analyzed and presented within the time frame given by the institution the final study will be submitted to.

1.8 Organization of the study

The research study paper is be divided into five chapters. The first chapter, covering the introduction, the second one, literature review, the third chapter, research methodology, the fourth chapter, research results and discussion, and finally the fifth chapter covering conclusion and recommendation.

1.9 Limitations of the study

The main limitation of the study was lack of data necessary to expand upon the topic being studied here. Since the business concept of competition in the Ethiopian telecommunication industry is new, there is not enough data generated to cover more in-depth topics. Topics like, competitive strategies impact on gaining a competitive advantage and their relationship with company performance.

1.10 Definition of Terms

Monopoly: A market structure in which a single seller controls the entire supply of a good or service. This gives the monopolist a great deal of market power, allowing them to set prices and output levels that maximize their profits.

Strategy: A plan of action that outlines how an organization will achieve its goals. A good strategy takes into account the organization's strengths, weaknesses, opportunities, and threats.

Competitive Rivalry: The level of competition between businesses in a particular industry. Competitive rivalry can be measured by factors such as the number of competitors, the similarity of products or services, and the ease of entry into the industry. The rivalry between businesses to attract customers and market share. Competition can be fierce, and it can drive down prices and improve the quality of products and services.

Competitive Strategy: The approach that an organization takes to competing in the marketplace. Competitive strategies can be based on cost leadership, differentiation, or focus.

Porter's Generic Strategies: A framework developed by Michael Porter that identifies three basic strategic options for organizations: cost leadership, differentiation, and focus.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1 Introduction

Concept of Strategy

“Strategy” is the main concept of the contemporary era (Carter, 2013) that has come to replace previous management activities such as “administration.” According to (Mackay & Zundel, 2017) the meaning of the word strategy originated in the military field and comes from the word “strategos” meaning general in Greek. Through time, its meaning has been evolving, being applied to other human activities and, in particular, to business strategies.

One of the main problems for their business strategists is the understanding of the competitive environment and the interpretation of the effects of the competition in a business (Cattani, Porac, & Thomas, 2017); in consequence for the research studies the time to strengthen again the study of the categories and the competition in the investigation of the strategic management has come.

The word strategy has always been prominent in any discussion on the subject of management of an organization because of its importance. Strategy is an action that managers take to attain one or more of the organization’s goals. Strategy can also be defined as general direction set for the company and its various components to achieve a desired state in the future. Strategy results from the detailed strategic planning process.

(Johnson, Whittington, Scholes, Angwin, & Regnér, 2014.), a strategy is concerned with the determination of basic long term goals and objectives of an organization. This enables development of action plans on how to direct the day to day operations towards the delivery on the organizational goals. It is to ensure that an organization applies its strengths and distinctive competences in such a way that it gains a competitive advantage over its rivals in any given environment.

The Webster’s New World Dictionary alludes to this militarism, defining strategy as the science of planning and directing large-scale military operations of maneuvering forces into the most advantageous position prior to actual engagement with the enemy. Obviously, the main purpose of both business and military strategy is to gain competitive advantage or combat superiority over competitors as the case may be.

Competitive Rivalry

Competitive rivalry is a measure of the extent of competition among existing firms. Intense rivalry can limit profits and lead to competitive moves, including price cutting, increased advertising expenditures, or spending on service/product improvements and innovation. (Cattani et al., 2017) competition is regarded as mainly a background variable in the business network. In order for an organization to be competitive, it has to consider the reaction of a competitor whenever developing their strategies to ensure that their strategies yield the in need return.

There are many factors, both internal and external, that can impact a company's success in the marketplace. Competitive rivalry is an external force that has some advantages and some disadvantages for organizations in that specific field. Some competitive rivalry is often healthy for all businesses involved, as it encourages product and service innovation and discourages unnecessary price increases for customers.

However, excessive competitive rivalry can pose challenges to some companies. Competitive rivalries exist for a number of reasons. These factors can influence the existence and intensity of a competitive rivalry. (Pearce & Robbins, 2008)

Competition is the rivalry among sellers trying to achieve such goals increasing profits, market share, and sales volume by varying the elements of the marketing mix: price, product, distribution, and promotion. As cited in Wikipedia encyclopedia, Marriam-Webster defines competition in business as “the effort of two or more parties acting independently to secure the business of a third party by presenting the most favorable terms.” Competition, accordingly to the microeconomic theory, causes commercial/business firms to develop new products, services provision mechanisms and technologies, which would give customers greater selection and better products. Competitors decide the appropriateness of firm’s activities that can contribute to its performance, such as innovations and cohesive culture. (Wheelen, David Hunger, Hoffman, Bamford, & Te, 2015) define competitors as firms that offer the same, similar, or substitutable products or services with in an industry in which they operate.

2.2 Theoretical Literature Review

Competitive Strategies

Porter’s generic strategy matrix, which highlights cost leadership, differentiation and focus as the three basic choices for firms, has dominated corporate competitive strategy for the last three

decades. According to this model, a company can choose how it wants to compete, based on the match between its type of competitive advantage and the market target pursued, as the key determinants of choice. Porter's generic strategy typology remains one of the most notable in the strategic management literature.

A business can maximize performance either by striving to be the low cost producer in an industry or by differentiating its line of products or services from those of other businesses; either of these two approaches can be accompanied by a focus of organizational efforts on a given segment of the market. Any organization that fails to make a strategic decision to opt for one of these strategies is in danger of being "stuck in the middle". The organization in failing to decide, tries both to be the cost leader and differentiator and achieves neither, and in the process confuses consumers. (Mackay & Zundel, 2017) .

(Porter, 1998) five factors of competition are identified: intense rivalry, threat of entrance, threat of substitutes, supplier power, and buyer power. Understanding the dynamics that shape a sector's rivalry, he believes, is the foundation for crafting a strategy. Generic strategies can be effectively correlated to organizational performance by using key strategic practices.

According to Porter, if the pressures are severe, no organization gets a significant return on investment, but if the forces are benign, most businesses are successful. The five forces' composition differs by business; therefore, an organization needs a different plan for each industry, such as hotels. He goes on to say that low-cost, differentiation, focus, and combination tactics are examples of generic methods. These are frequently used as a strategic typology for all types of businesses. This approach is a powerful tool for systematically diagnosing a market's key competitive forces and determining how strong and significant each one is.

According to (Lawrence et al., 2011), a firm's relative position within its industry determines whether profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. Though a firm can have a myriad of strength and weaknesses, vis-à-vis its competitors, there are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation and focus. He further stated that Competitive strategies attempt to alter a company's strength relative to that of its competitors in the most efficient way and also molds

actions and decisions of managers and employees in a coordinated, companywide game plan (Titus, House, & Covin, 2017)

Porters Generic Strategies

The study of business strategy was strongly influenced by Michael Porter, Harvard Professor, and author. In 1985, he wrote the seminal text, *Competitive Advantage: Creating and Sustaining Superior Performance*, concerning business strategy. In his text, he proposed 3 categories of generic strategies for approaching a product market. Every business should apply only one of those generic strategies, in case if a business fails with all three strategies this means that the business has no advantages. Each of the generic strategies involves a different route to competitive advantage (Ali & Anwar, 2021).

Cost Leadership Strategy

The **first** generic strategy, an overall cost leadership, although not neglecting quality, service, and other areas focuses on gaining competitive advantage by having the lowest cost relative to competitors. A company adopting an overall cost leadership strategy seeks to be regarded as the lowest-price producer in a given industry. This is often achieved by large scale organizations that develop efficiency by reason of their repetitive experience of the tasks involved, the utilization of economies of scale, overhead cost control, having a workforce committed to the low-cost strategy, seizing costly production opportunities along the firm's value chain and consider outsourcing to other organization with a cost advantage or using their power to leverage lower costs.

This type of firm will be targeting a broad market segment. (Porter, 1998) purports only one firm in an industry can be the cost leader. As a low cost leader, an organization can present entry barriers against new market entrants who would need large amounts of capital to enter the market. The leader then is somewhat insulated from industry wide price reductions. Economies of scale needs larger scale operations and the design of the process/ the design of the product effect effectively through creating goods from lower price (Abdullah & Anwar, 2021.).

Porter (1980) asserts that in order to outperform competitors, a firm must follow one of the strategies that he calls "generic strategies": an overall cost leadership strategy, a differentiation strategy, or a focus strategy for creating a defensible position in the long run and outperforming competitors in a given industry. He argued that by adeptly pursuing the 'generic strategies' businesses can attain significant and enduring competitive advantage over their rivals.

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Cost drivers are structural factors that influence cost and a firm's relative cost position in a value activity depends on its important cost drivers. Cost drivers include economies of scale, learning, and pattern of activity utilization, linkages, interrelationships, integration, timing, discretionary policies, location and institutional factors. Cost drivers often interact to determine the cost behavior of a particular value activity hence no one cost driver is a sole determinant of a firm's cost position (Porter, 1998).

Firms under overall cost leadership strategy will be targeting a broad market segment. (Porter, 1998) purports only one firm in an industry can be the cost leader. As a low cost leader, an organization can present entry barriers against new market entrants who would need large amounts of capital to enter the market. The leader then is somewhat insulated from industry wide price reductions.

Differentiation Strategy

The **second** generic strategy is one of differentiating the product or service offering of the firm, creating something that is perceived industry wide as being unique. This strategy involves uniqueness in doing something that is sufficiently valued by customers to allow a price premium (Johnson et al., 2011.). The emphasis can be on brand position, proprietary technology advancement, special features, superior service, a strong distributor network or other aspects that might be specific to an industry. The uniqueness should also translate to profit margin that is higher than the industries average (Porter, 1998).

Differentiation strategy involves developing a product or service that offers unique attributes that are valued by the customers in that the customer perceives them to be better than or different from

those of competitors. Needs and demands of the customer must be accurately defined and value must be delivered. The firm might differentiate itself in terms of product form, brand position, product features and quality, breadth of product line, Technology advancement, customer service and pricing or distribution channels.

This strategy is appropriate where the target customer is not price sensitive, market is competitive, customers have specific needs and the firm has unique resources and capabilities which enable it satisfy this needs in ways that are difficult to copy. In a highly competitive market, the shortest route to differentiation is through brand position, product features and customer service.

A firm that can achieve and sustain differentiation will be above average performer in its industry if its price premium exceeds the extra costs incurred in being unique. A differentiator, therefore, must always seek ways of differentiation that lead to a price premium greater than the cost of differentiating. A differentiator cannot ignore its cost position, because its premium prices will be nullified by markedly inferior cost position (Porter, 1998).

An organization can differentiate its offering in different ways, by using Price (charging a lower price) which is the most basic way to differentiate a product or services. Brand position can also be used by creating an image in the minds of consumers which does not otherwise exist. In addition, a firm can differentiate by offering support through servicing the product, providing a related product or service alongside the basic one. Quality differentiation by offering products with better features which are reliable, durable and also of superior performance, design differentiation by offering something that is truly different that breaks away from the dominant design by providing unique features.

A differentiation strategy is based upon persuading customers that a product is superior in some way to that offered by competitors. Differentiation strategy emphasizes on creating value through uniqueness, as opposed to lowest cost and uniqueness can be achieved through service innovations, superior service, creative advertising and branding among others. The key to success is that customers must be willing to pay more for the uniqueness of a service than the firm paid to create it. Firms adopting a differentiation strategy can charge a higher price for their products.

Differentiation strategy appeals to a sophisticated or knowledgeable consumer interested in a unique and quality product. (Dobbs, 2014), differentiation strategy is one of Porter's strategies used in the service industry for the purpose of enhancing customer satisfaction. It is believed that differentiation strategy can be the result of a strong strategic campaign designed to strengthen the

unique characteristics of the products/services within the mind of the consumers. The brand name is a strong differentiation element within such a strategy.

Focus Strategy

A **third** generic competitive strategy is to focus on a particular market segment, a particular buyer group, a geographic market segment, or a certain part of the product line may define the segment sought. As opposed to low cost and differentiation strategies, which have an industry wide appeal, a focus strategy is based on the premise that the firm is able to serve a well-defined but narrow market better than competitors who serve a broader market. By doing this the firm is able to achieve either differentiation from better meeting the needs of the particular target, or lower costs in serving this target, or both and build a greater in-depth knowledge of each of the segments, as well as creating barriers to entry by virtue of its specialist reputation. (Porter, 1998)

(Ali & Anwar, 2021) A focus strategy avoids strategy dilution or distraction and is more likely to lead to competitive advantage. The basic idea of a focus strategy is to achieve a least-cost position or differentiation, or both, within a narrow market. The company in this strategy focuses on small-volume custom products or services and leaves the large-volume standardized market to the cost leader. Small specialty companies exploit a gap in the market and develop a product the customers want.

(Akintokunbo, 2018) Among those that have used this approach successfully, at least in the short term, are Laura Ashley and Jaguar, Land Rover, and Morgan with cars, Steinway with pianos and, in its early days, Amstrad with microcomputers that were designed for those with a low level of computer literacy and those who wanted low-price, easy-to-use word processing equipment. These companies may eventually become large companies using the cost leadership strategy Gucci has followed a focus strategy by targeting that segment of the ladies' handbag industry that is attracted by exclusivity. In the automobile industry, Lamborghini has focused on the sports car market.

(Kharub, Mor, & Sharma, 2019) has suggested that "It is apparent that some leading companies have not succeeded by being exclusively cost leaders, differentiators or focused. Many top companies are both cost leaders and differentiators. The buying power and expertise of Marks & Spencer make it a low cost company but it trades on quality, service and its brand name; IBM is a cost leader which also trades on customer service and Boeing has lower costs than any other airplane manufacturer but the 747, its most profitable product, is unique. Many of the successful

low volume manufacturers complement differentiation with a clear focus. A focus strategy provides the potential to bypass competitor assets and skills.

It can also provide a positioning device. Although pay-off of a small niche may be less than that of a growing market, the competition may often also be less intense. Large growth markets attract many competitors and stimulate over-capacity whereas this is unlikely to occur in niche markets to the same extent.

Focus strategy has two variants- cost focus and differentiation focus. Cost focus aims at achieving cost advantage while differentiation focus is about seeking differentiation in a target segment. Cost focus exploits differences in cost behavior in some segments, while differentiation focus exploits the special needs of buyers in certain segments (Wheelen et al., 2015). Even though the focus strategy does not achieve low cost or differentiation from the perspective of the market as a whole, it does achieve one or both of these positions vis-a-vis narrow market target. The firm achieving focus may also potentially earn above-average returns for its industry. Its focus means that the firm either has a low cost position with its strategic target, high differentiation, or both.

Small companies, the better ones, usually thrive because they serve narrow market niches. Market focus allows these businesses to compete on the basis of low cost, differentiation and rapid response against much larger businesses with greater resources because focus lets a business learn its target customers, their needs, special considerations they want accommodated and establish personal relationships in ways that differentiate the smaller firm or make it more valuable to the target customer (Pearce & Robbins, 2008). Focus may also be used to select targets least vulnerable to substitutes or where competitors are the weakest.

Competitive Advantage

Competitive advantage is a management concept that has been so popular in the contemporary literature of management nowadays. The reasons behind such popularity include the rapid change that organizations face today, the complexity of the business environment, the impacts of globalization and unstructured markets, the ever changing consumer needs, competition, the revolution of information technology and communications, and the liberation of global trade.

Despite the fact that interests in this subject has started many decades ago, it wasn't till the 60's of the twentieth century that the concept has spread out when Edmund Learned & Kenneth Andrews described SWOT analysis denoting strength as a competitive advantage (Sanny, Simamora,

Ronaldy Polla, & Atipa, 2018). Kotler also defined competitive advantage as an organizational capability to perform in one or many ways that competitors find difficult to imitate now and in the future (Kotler, 2000). Nevertheless, Porter recognized competitive advantage as a strategic goal; that is a dependent variable and the reason behind this is that the good performance is related to achieving a competitive advantage.

Others see competitive advantage as an ability to produce products or offer services different to what competitors do, by utilizing the strengths that organizations possess so as to add value in a way that competitors find it difficult to imitate. We then can assume that competitive advantage is a relative quality that organizations claim to possess through which organizations can exceed their rivals' performance, and achieve long lasting benefits as perceived by clients. It is believed that the framework presented by Michael Porter is one of the most well-known tools that are used in theoretical as well as empirical research, since it pays attention to all activities carried out by an organization with respect to its external environment. (Jatmiko, Udin, Raharti, Laras, & Ardhi, 2021)

Porter's five forces

The five forces framework was coined by Harvard Business School Professor Michael Porter and was published for the first time in the Harvard Business Review in 1979. The five forces framework is an influential and straightforward tool for the identification of certain powers in line with a particular business situation by using the outside-in perspective (Johnson, Scholes & Whittington, 2008.).

Rivalry among Existing Competitors

When rivalry among existing competitors is significant, profitability within the industry suffers and organizations may introduce measures such as price discounting, introducing new products, advertising campaigns and service improvements (Porter, 1998). However, the frequency of the previously stated will depend on the intensity of the competition, and how the industry is affected by industry growth rate, storage and fixed costs, the number of organizations competing against each other, differentiation, exit barriers and switching cost between competitors. (Johnson, Scholes & Whittington, 2008.)

Threat of New Entrants

Porter (1985) states that “new entrants to an industry bring new capacity, and the desire to gain market share that puts pressure on prices, costs and the rate of investment necessary to compete”. However, the threat of entry will largely depend on how high entry barriers are and how many organizations are in the industry. Furthermore, new entrants can disrupt established players in a particular market, and directly affect the competitive advantages. When the demand is not increasing or decreasing, an additional supply of goods or services will decrease profit margins of the market participants.

Differentiates seven critical barriers to enter the market, supply-side economies of scale, demand-side benefits of scale, customer switching cost, capital requirements, incumbency advantages independent of size, unequal access to distribution channels, and restrictive government policy. An essential exercise for organizations is to analyze barriers to entry and to anticipate possible retaliation measures from competitors when considering entering a new industry. It is of utmost importance for a new entrant is to overcome entry barriers without nullifying, through heavy investment, the profitability of joining in the industry (Porter, 1998).

Bargaining Power of Suppliers

This can have a detrimental effect on profitability in an industry as suppliers can threaten organizations with increasing prices of products and services; when organizations are unable to recover, the cost increases in its own prices. There are a number of reasons that can be seen as indicators of high bargaining power of suppliers. For instance, domination within an industry may be controlled by a few organizations and is, therefore, more concentrated than the industry it sells to, or the industry is not the most important customer of the supplier group (Porter, 1998). On the other hand, the number of suppliers, the size of the supplier, and the availability of substitute customers can manipulate the bargaining power of suppliers. (Slater & Olson, 2002.)

The Bargaining Power of Buyers

When there is a monopoly market situation, buyers have the greatest bargaining power when they are large and are able to switch comfortably to alternative suppliers that are few in numbers (Slater & Olson, 2002.). Other relative buyer concentrations are competitiveness – many buyers and suppliers, mutual dependence – few buyers and suppliers, and monopoly power – few suppliers and many buyers. Furthermore, buyers compete with the industry by forcing prices down (Porter,

1998). When buyers are powerful, sellers may develop ways where buyers are prepared to pay a premium price for some products. For instance, sellers need to accept that there is an imbalance of power and that profitability will be reduced or even to accept a rate of return that is close to the cost of capital.

Threat of Substitute Products and Services

Identifying substitutes is seeking for products or services that can fulfill the same purpose as products of the industry of the considered industry. Factors that may influence the threat of substitute products and services are switching costs between substitute products or services and industry products, or buyer's addiction to buy substitutes (Dobbs, 2014). For instance, butter and margarine may be the same in the eyes of many but consumers must pay a premium for butter, or a Smartphone substituting a laptop as a smaller device that provides the same or similar operations as a laptop. From an industry and profitability perspective, the threat of substitutes needs to be low, contrary to buyers who want substitutes to be high.

External Environment

(Wheelen, David Hunger, Hoffman, Bamford, & Te, 2015) External environmental factors play an important part when the business strategy is being formulated and implemented. The external environment in which an organization operates on present opportunities that should be harnessed and threats that should be eluded. An external environment is composed of all the outside factors or influences that impact the operation of business. The business must act or react to keep up its flow of operations. A commonly used management tool is called PESTEL. PESTEL is an SWOT Analysis and Diagnostics organizing framework that allows decision makers to understand and make connections with a mass of information. (Danso, Adomako, Amankwah-Amoah, Owusu-Agyei, & Konadu, 2019)

Political: Political issues are a function of how much the government intrudes or is involved in an organization's operations. In particular, it looks at taxation and tariffs, regulations, political stability, and elections. Organizations adjust their strategies depending on the current situation. (Wallsten, 2005)

Economic: These are growth, employment, inflation, and interest rates. Companies with foreign operations will worry about exchange rates. These factors are important in long-range forecasts

for revenue and expenses. Businesses in the financial industry may pull back from aggressive strategies in times of rising interest rates. Levels of disposable income of customers and businesses part of the economic factors have a huge impact on how businesses perform. (Waverman, Meschi, & Fuss, 2004.)

Social: Society and culture have great impacts on the business environment. These factors include demographics like population growth, age distribution, and attitudes toward safety and health consciousness. They have a direct effect on business because they mostly determine the drivers of buyers. Telecommunications horizontal growth is limited. Specifically, it is difficult (and expensive) to expand in rural regions. Customers are left with less than a handful of options when it comes to buying internet, mobile, and television packages.(Yen et al., 2012)

Technological: The rate of technological change in the business environment is staggering. Technological forces represent major opportunities and threats that must be considered in formulating strategies. Technological advancements can dramatically affect firms' products, services, markets, suppliers, distributors, competitors, customers, manufacturing processes, marketing practices, and competitive position. The rapid growth of technology can affect the organizations negatively or positively because the innovation is growing rapidly and unstoppable.(Venkatram, 2012)

Environmental: Weather, climate change, air quality, and natural disasters are all environmental factors. Some industries are especially at risk from changes in the natural environment, including manufacturing, agriculture, tourism and travel, and sports and entertainment. Many pollution regulations limiting water and air pollution have been passed that affect the operation of businesses. Recycling procedures and waste disposal are also key environmental factors.(Keunggulan et al., 2019)

Legal: Legal factors include discrimination laws, consumer protection laws, and employment, health, and safety policies. In order for organizations to trade successfully, they need to what is regarded legal especially when entering new markets. The telecommunication industry is often impacted by legislation issues. Particularly issues with the government, monopolies, and customers. But the industry has allowed importing and exporting of telecom products. (Howlett, Mukherjee, & Giest, 2020)

SWOT Analysis

One can assume that organizational environment is composed of many elements which organizations deal with and form complex cause-and-effect type of relationships with. Environment can also be divided into two categories. The first category implies the external environment which contains all changes that take place outside the organization's boundary such as economic, political, cultural, and technological changes upon which organizations have little impact. The second category has to do with internal factors within an organization in various areas such as management, culture, finance, research and development, staff, operational efficiency and capacity, technical frameworks, and organizational structure. (Jatmiko, Udin, Raharti, Laras, & Ardhi, 2021)

SWOT analysis refers to the process through which decision makers develop their awareness of organizational environments so as to influence performance now and in the future. SWOT analysis can help organizations develop an early alarming system that take into considerations all necessary preparations before possible threats rise, and implement capable strategies to face such threats and minimize their negative consequences. (Sanny, Simamora, Ronaldy Polla, & Atipa, 2018)

Environmental diagnosis refers to the process of predicting the importance of information we get out from SWOT analysis. This process is subject to the influence of two factors, first, the characteristics of strategy makers which include their experience, ambition, perception style, and the psychological state during the diagnosing operation. Second, the nature of strategy makers' type of work which includes time pressure and work tension, availability of organizational resources, the importance of decision making, the abundance of time allocated to this function, and whether managers are occupied with other activities or not.

SWOT Analysis and Competitive Advantage

It is not wise to think that using organizational strengths to build a competitive advantage does not require thorough external environmental analysis. The fact is that whether an organization is strong or weak is a relative measure with comparison to its external domain (external environment). It is widely proven that organizations can achieve a competitive advantage by relying on organizational strengths and interacting with the strategic choice to make use of opportunities and avert threats or override weakness or both. (Jatmiko et al., 2021)

Overview of the Telecom Sector

The telecommunications sector consists of companies that facilitate global communication, whether through the phone or the Internet, via airwaves, cables, wires, or wirelessly. These companies built the infrastructure that enables data to be transferred anywhere in the world in the form of words, voice, audio, or video. To grasp the telecommunication sector's dynamics, (Dhir, Rajan, Ongsakul, Owusu, & Ahmed, 2021) advises considering three eras of telecommunications: The first being based on copper networks, had a monopolistic market structure and was either owned or controlled by the government.

All telecommunications/telephone firms and internet service providers make up the telecommunications sectors, which play a critical role in the expansion of mobile communications and the information society. The primary goal and scope of the telecommunications sector are to connect content producers (those who create information and communication) with final consumers (those who receive it) through the interaction of two main intermediaries: communication infrastructure operators and providers of information services over these infrastructures. Markets in third-generation telecoms are gradually becoming an ecosystem of both licensed and unregulated entities (Fransman, 2010.).

For nearly any industry, the telecom sector continues to be at the epicenter of development, innovation, and disruption. Mobile devices and accompanying broadband connectivity are becoming increasingly ingrained in society today, and they are crucial in propelling key developments. The term telecommunications, on the other hand, is commonly used to refer to telephones, cell phones, and the internet. It has been defined as the procedure of transferring data over a long distance using electrical technologies. The mobile industry also remarkably expanded over time due to privatization and dynamic competition such as Apple and Samsung (Cecere, Corrocher, & Battaglia, 2015). Telecommunications encompasses electronic communication services, electronic communication networks, accompanying facilities, and associated services. Even within the communications industry, the modern telecommunications sector has made at least three distinct traits that distinguish it from others. This sector is described with characteristics such as network effect, dynamism, convergence, and sensitivities.

Competition in the Telecom Sector

Market competition in the telecom industry is based on customer demand which rapidly rotates every day (Klaić & Perešin, 2002.). The network effect is one of the most prominent characteristics of the telecom sector, which can result in significant economies of scale or scope. Traditionally, it was considered to possess the features of the natural monopoly, of the high sunk and fixed costs of the fixed base stations and network facilities.

However, technological developments have driven certain natural monopoly markets to transform into more competitive ones. The clear shift to microwave, satellite, and optical fiber transmission technology has provided good alternatives to traditional copper cable networks while also weakening the telecom industry's natural monopolistic qualities. As a result, portions of the network were made available for competitive entry. Demand for telecommunication services is growing in developing countries due to dynamic competition and income growth (Garbacz & Thompson, 2007).

The telecoms industry displayed traits that are conducive to competition. The relevant market was deregulated over time. This shift in telecom economic regulation does not imply that the target of telecom regulation has shifted dramatically. However, the techniques for achieving the goals have changed. The natural authorities bear responsibility for the welfare of consumers in the setting of a monopoly through the existing legal framework. Currently, the regulatory role is confined to promoting and maintaining market operation or creating circumstances for markets that have not yet been completely formed. (Maisyarah, 2018)

Overall, the telecom sector has largely shed its natural monopoly characteristics and has evolved into a completely competitive market. After structural changes, the industry has transformed from monopoly to a competitive market and is still developing. Telecommunication reformation initiated with privatization, total liberalization, and dynamic competition (Tobbin, 2010.).The introduction of competition into the marketplace does not negate the need for regulation. Instead, if governments authorize competition, the role of regulators expands, particularly during the early phases of the transition from the prior monopoly model to one of effective competition.

The liberalization of the market and the introduction of competition necessitates strategic policies and laws that establish an efficient regulator, remove apparent barriers to the entrance (e.g., the

inability to interconnect with the incumbent operator), and deconstruct implicit hurdles to entry (such as the potential influence of the incumbent telecommunications operator over the regulator).

State-owned infrastructure monopolies have encountered depreciating decided facilities, low labor potency, lower service quality, continuous revenue deficits, poor investment, and severe obstacles of fraud (Meena & Geng, 2022). Effective regulation has been shown to boost economic growth, stimulate investment, cut costs, improve service quality, enhance penetration, and speed up technological innovation in the industry. The objective of regulation is an essential part of the regulation designing process. Without it, regulation will lose its direction and function. Along with the core products, technical solutions and services are also important in the telecom sector (Roos & Edvardsson, 2008).

2.3 Empirical literature Review

Empirical research confirms that an important role for telecommunications and competition regulators is ensuring that competition is sufficiently intense to enable the desired economic and societal development. ((Waverman, Meschi, & Fuss, 2005.); (America & del Rosario, 2003); (Salmela & Spil, 2002); (Lyon & Li, 2003); (Cubbin, 2006.) (Hauge & Jamison, 2009) describe how regulators determine whether markets are competitive. In the current paper, we examine remedies for weak competition in telecommunications markets, with special emphasis on developing economies.

(Maisyarah, 2018a), the significance of the company's pulse depends on the customer. Therefore, the company must improve the service, quality, and maintenance NYC for the customer to keep active and loyal against the company. ('fitrianise-1482-1-13--fitr-2 1-2', 2013) concluded that if promotion increases then income also increases. Development is a facilitator that serves as an extension of information from the company to customers or prospective customers to find out the latest news from the company. Although it does not significantly affect revenue, the company continues to do so as a service to improve the quality of the company.

(Maisyarah, 2018b), if the network connection increases then the income will also increase. Just as promotion, the network is one form of supporting facilities provided the company to customers in order to meet customer needs, because in the world of communication, network connection is

the leading capital in competing. Generally customers feel satisfied if the company can provide a clean network connection and available anywhere.

(Keunggulan et al., 2019) stated that the rate is very influential on corporate earnings. If the company lowers the tariffs then the revenue will go up. Usually occurs in a very competitive competition. From the overall conclusion can be drawn a red line for additional companies new base stations only focus on network quality improvement, competitive strategy to follow market prices, and focus on customers.

(Yen et al., 2012) surveyed the effect of information and communication technology (ICT) on transfer of knowledge and its effect on achieving innovation in competitive advantages in medical sector of Taiwan. Obstacles ahead of transfer of knowledge were problems in an organization and ambiguity of the knowledge (i.e. ambiguity of cause and effect relations of the knowledge). The results of data analysis showed that capability of the organization in ICT field has positive and significant effect on transfer of knowledge and the transfer improves development of attaining innovation regarding competitive advantage in the organization.

(Hazen & Byrd, 2012) found that new information technologies such as electronic data interchange (EDI) and RFID technology have positive effect on attaining competitive advantages and expansion of innovation. They said that these technologies might bring differentiating features for the business. (Moreno et al., 2012) demonstrated that environmental human resources management improves and increases competitive advantages of the companies. Indeed, such businesses employ researchers to create competitive advantages.

(Kim, Galliers, Shin, Ryoo, & Kim, 2012) stated in a study that recruitment of trained and skilled staff improves competitive advantage of the organization and differentiation among other industries. (Zhou & Wu, 2010) studied the effective factors on attaining competitive advantages in 179 foreign countries in China with the presumption that these companies have accepted market tendency and integrity of management. They found that market trend and management integrity create competitive advantage through attenuating costs, differentiation, and diversity in the market.

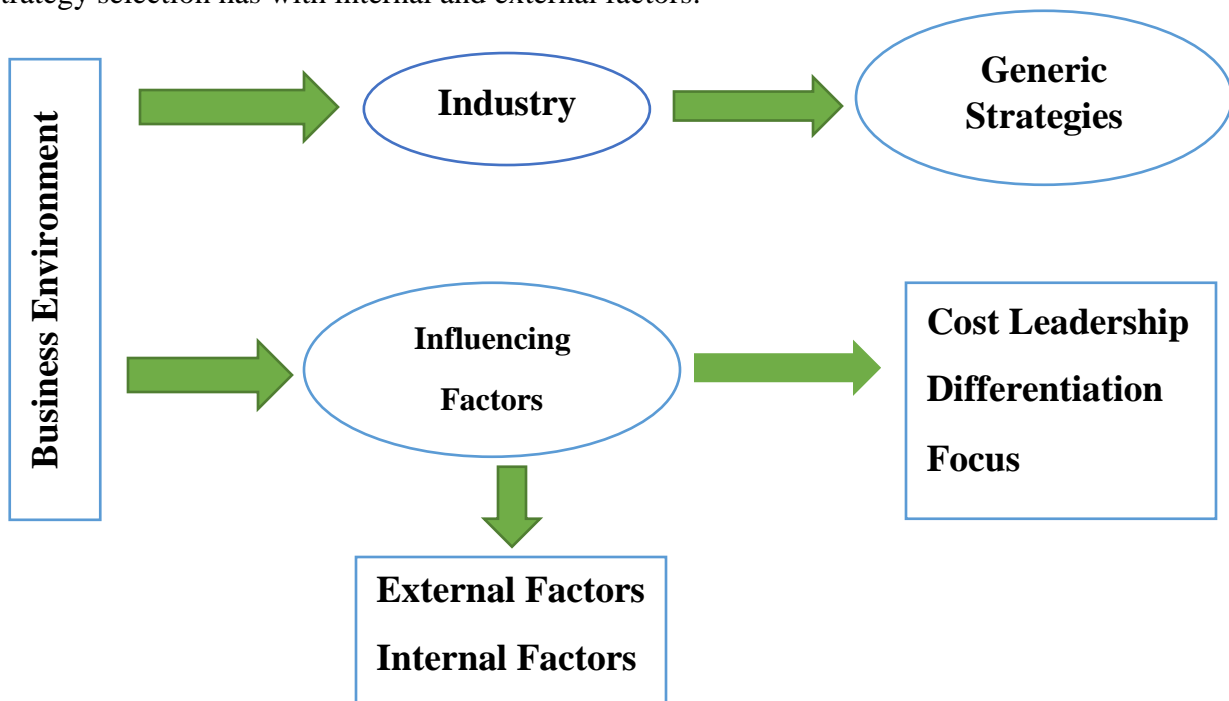
(Tan et al., 2009) stated in a study that relation between the staff and the company is strengthen through creating common values in a company, which eventuates in competitive advantages.

(Chen, 2008) found in their study on a model for attaining competitive advantages that sharing

knowledge and forward-looking/backward-looking mergers (with customers, suppliers, and distributors) – cost leadership strategy- improves competitive advantages in long run. (Tan et al., 2009) maintained that mutual relation between the staff and the company is improved through creation of common values in an organization; which is the source of competitive value.

Conceptual Framework

The researcher has adapted the conceptual framework is to show the relationship competitive strategy selection has with internal and external factors.



Source: own design based on Porter's generic competitive strategies.

Identification of Literature Gap

Following the fact that the concept is an emerging one here, previous research studies on competition in the telecommunication industry in the Ethiopian context aren't nearly enough to nonexistent in providing enough information on the competitive strategies of ethio telecom in the previously monopolized Ethiopian telecommunication industry by it. So, this research study aims to fill the gap in the literature in terms the newly emerging concept of competition in the Ethiopian telecommunication industry, in order to provide a stepping stone basis for further research studies within the same and newly emerging topic of competition in the Ethiopian telecommunication industry.

CHAPTER THREE: METHODOLOGY

3.1. Introduction

The research design refers to the overall strategy and analytical approach that you have chosen in order to integrate, in a coherent and logical way, the different components of the study, thus ensuring that the research problem will be thoroughly investigated. It constitutes the blueprint for the collection, measurement, and interpretation of information and data. Note that the research problem determines the type of design you choose, not the other way around (De Vaus, 2006).

A research approach is the procedure selected by the researcher to collect, analyze, and interpret data. There are three approaches to research: quantitative, qualitative, and mixed methods. Quantitative methods emphasize objective measurements and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques. Quantitative research focuses on gathering numerical data and generalizing it across groups of people or to explain a particular phenomenon (Babbie E. R. 2010).

Descriptive case studies zoom in on producing a full description of a phenomenon, such as an organization or an event, within its context (Yin, 2003). Descriptive case studies are not seeking to answer cause and effect questions. Their primary function is to gain a deeper understanding of some phenomenon.

3.2. Description of Study Area

A firm's competitive strategy concerns how to compete in the business areas the firm operates. In other words, competitive strategy means to define how the firm intends to create and maintain a competitive advantage with respect to competitors. Holding a competitive advantage over competitors means to be more profitable than competitors are in the long term. A firm's competitive strategy within a given business area is examined looking at two factors: the creation of the competitive advantage and the protection of the competitive advantage. The creation of the competitive advantage is described as the result of either proactive or reactive competitive strategy (Cockburn, Henderson, & Stern, 2000).

Competitive strategy is the process of developing competitive advantage and earning above-average returns for stakeholders. Competitive advantage is achieved through the strategic

management of resources, capabilities, and core competences, as well as the firm's responsiveness to opportunities and threats in the external environment. Navigating through as complex set of strategic factors requires an understanding of their influence on competitive strategy. The competitive strategy view of the firm is that understanding and manipulating the factors that cause these inequalities, to give the firm a sustainable competitive advantage, largely govern long-term business success (Cockburn et al., 2000).

3.3. Research Design and Approach

This research employed a descriptive research design in order to assess and gain a detailed and deep understanding of the competitive strategy selected by ethio telecom in order to compete in Ethiopian telecommunication industry it no longer has a monopoly over. The study also employed a quantitative method research approach, quantitative data was collected to realize the objectives of the research and answer the research questions of the study.

3.4. Types and Sources of Data

The study used primary data, which was collected from the employees selected to participate in data collection process due to their ability to fill the questionnaire satisfactorily on the strategies used by ethio telecom for competition.

3.5. Sampling Techniques and Sample Size

The concept of competition being a recent phenomenon in the Ethiopian telecommunication industry, ethio telecom's strategy for competition does not have a clearly defined structure yet. Following that, not every managerial employee that should have knowledge of the company's strategy for competition did. Therefore, the population for this study was a list of managers, supervisors, specialist and experts with significant working knowledge of ethio telecom's strategies for competition, a list made following the guidance of an employee with such information.

The list of employees in the population of the study possessing enough working knowledge of ethio telecom's strategy for competition to satisfactorily fill the questionnaires in the data collection process were 78 employees consisting of managers, supervisors, specialists and exerts working at the headquarter of ethio telecom.

Following that, the research study has used the entire population as the sample from which the data is collected. The decision to use the population of the study as a whole was made not only because the number of possible respondents is less than one hundred /<100/, but also because drawbacks of such method sampling like destruction of the population have little to no impact on the data collection process of the research.

3.6. Data Collection Tools

Primary data was collected using structured questionnaires, the primary source of information of which is composed through Likert scale questionnaire as for the questionnaire it was domesticated from different source like (Gould & Desjardins, 2015), (Tansey, Spillane and Meng, 2014), and (Claver-Cortés, Pertusa-Ortega, & Molina-Azorín, 2012). The questionnaire has five constituent, explicitly General Information, internal and external factors affecting competitive strategy collection, Cost Leadership Strategy, Differentiation Strategy, and Focus Strategy constructed in order to answer the research questions of the study.

3.7. Data Analysis Techniques

To analyze the data that was obtained, appropriate analysis techniques were employed. Descriptive analysis was used to describe the basic features of the study and provide a concise summary of the quantitative data. Descriptive statistics (percentages, frequency, mean and standard deviation) were used to analyze and describe the findings of the study. The research findings are presented in the form of tabular summaries.

3.8. Reliability and Validity Tests

The researcher has checked the validity and reliability of the data collected from primary and secondary sources mainly by using Cronbach's alpha-coefficient (α). Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group (Kimberlin and Winterstein, 2008).

3.8.1. Reliability Test

Reliability was ensured by minimizing sources of measurement errors like data collector bias. The researcher being the only one to administer the questionnaires, and standardizing conditions like friendliness minimized data collector bias. So data quality assurance was measured based on its

internal validity principle through which instrument validity was used to correct research instrument application that accurately measure the variables during the data collection procedures.

3.8.2. Validity Test

To insure content validity, questionnaires included variety of questions based on the knowledge of respondents on the topic and majority of questionnaires completed in the presence of the researcher. This was done to prevent the subjects from giving questionnaires to other people to complete on their behalf.

3.9 Ethical Consideration

The respondents who were involved in the research were entitled to the right to privacy, free consent and dignity treatment. The responses collected were kept anonymous and completely confidential and respondents were not strictly required to write their names on the questionnaires if they choose not to do so, so that they can respond for the questions freely. The responses collected from respondents were not used for any other purpose but for the conduction of this research study.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

The study's objectives were to describe the competitive strategies of ethio telecom and the internal and external factors that are considered when selecting those strategies. Purely quantitative techniques were used in the data collection and analysis process in order to objectively describe the phenomenon being studied.

Out of the 72 questionnaires that were distributed to the respondents in the population targeted due to their abilities to fill the questioners satisfactorily, 68 of them, representing 94% of the questionnaires were returned completed. A number of statistical tools of data analysis were used to analyze the collected quantitative data. Following the data analysis, the results and interpretation are presented and discussed in this chapter.

4.1 Reliability and Validity Test Results

To identify the overall research reliability and validity, the researcher has analyzed the responses from the respondents of the study to evaluate the reliability and validity of the survey instruments. The table below is a presentation of the value of Cronbach's alpha calculated for each of the topics within, which the questionnaire item is located, calculated to test the measurement of internal consistency among them.

Item Category	No. of Items	Cronbach's Alpha (α)
External Factors	6	0.8014
Internal Factors	6	0.9326
Cost Leadership Strategy	16	0.9129
Differentiation Strategy	15	0.9558
Focus Strategy	14	0.89761

Table 1: Cronbach's Alpha

The first thing to note is that the Cronbach's Alpha values for all of the categories are above 0.7, which indicates that the items in each category are internally consistent. This means that the items in each category are all measuring the same thing, and that the scores on the items in each category can be reliably used to measure that thing.

The next thing to note is that the Cronbach's Alpha value for the Focus Strategy category is lower than the values for the other competitive strategy categories. This suggests that the items in the Focus Strategy category are not as closely related to each other as the items in the other categories.

Overall, the data suggests that the items in each category are internally consistent and can be reliably used to measure the thing that they are supposed to measure. However, the items in the Focus Strategy category may not be as closely related to each other as the items in the other categories.

4.2 Demographic data of Respondents

The respondents were asked to give their demographic information, educational status, position in the company and to indicate the duration of time, they had worked in their current positions and the responses are summarized and presented in Table 2 below.

Categories		Frequency	Percent	Cumulative Percent
Sex	Male	35	51%	51%
	Female	33	49%	100%
	Total	68	100%	
Age	31-35	38	56%	56%
	36-40	17	25%	81%
	>46	13	19%	100%
	Total	68	100%	
Educational Status	BA	43	63%	63%
	MBA	25	37%	100%
	Total	68	100%	
Position	Expert	22	32%	32%
	Manager	10	15%	47%
	Specialist	28	41%	88%
	Supervisor	8	12%	100%
	Total	68	100%	
Years of experience	6 to 10	33	49%	49%
	11 to 15	19	28%	77%
	15 to 20	5	7%	84%
	>20	11	16%	100%
	Total	68	100%	

Table 2: Demographic data of Respondents

The gender and age distribution of respondents collected via questionnaire is presented in Table 2. As can be seen on the table, the majority of the respondents are male (51%) while the minority are female (49%). Yet, Due to the gap between the two sexes among the respondents being negligible, it is not high enough a majority margin to suggest ethio telecom's field of business is male-

dominated, yet is consistent with the findings of other studies (Catalyst, 2020; U.S. Bureau of Labor Statistics, 2021).

The majority of the respondents are in the age range of 31-35 (56%) followed by 36-40 (25%) and >46 (19%), which suggests that the field of business is attractive to young professionals. On the educational status of the respondents, the data presented in the table shows the educational status of a group of 68 individuals. Of these, 43 (63%) have a BA degree and 25 (37%) have an MBA degree. This shows that the majority of the group have a bachelor's degree, while a minority having an MBA degree, which suggests that the majority of the employees involved in the selection competitive strategies for ethio telecom, might be lacking the necessary skill and expertise to perform adequately.

The majority of the respondents are specialists (41%), which may suggest that the field of business requires a high level of expertise followed by experts (32%), managers (15%), and supervisors (12%). This is supported by the findings of a study by the National Association of Colleges and Employers, which found that employers are increasingly looking for candidates with specialized skills and experience (NACE, 2021). In addition, the concept of competition being a relatively new in Ethiopia, there does not exist a proper structure consisting of employees there to directly to deal with the company's competitive strategies. This supported by the researcher's process of identifying the target population of the study.

The majority of the respondents have 6 to 10 years of experience (49%) followed by 11 to 15 years (28%), 15 to 20 years (7%), and >20 years (16%), which may suggest that the field of ethio telecom's business is competitive and requires a significant amount of experience to be successful. This is supported by the findings of a study by the U.S. Bureau of Labor Statistics, which found that the median tenure for workers in management occupations is 5 years (U.S. Bureau of Labor Statistics, 2021).

4.2 Data on Internal and External Factors

The respondents were asked rate a list of external and internal factors from 1 to 5, using Likert scale in relation to them factoring in ethio telecom's competitive strategy selection and

formulation, and the responses are summarized and presented in Table 3 and Table 4 below respectively.

External Factors	Min	Max	Mean	Standard Deviation
Economic Factors	2	5	3.9	1.1
Political/ Governmental/legal Factors	1	5	4	1
Socio-cultural Factors	1	5	4	1
Technological Factors	1	5	4.3	1
Competitive Factors	0	5	4	1.2
Environmental Factors	0	5	3.48	1.37
Overall			3.91	1.17

Table 3: External Factors

Based on the data, the respondents generally believe that external factors are indeed considered in the selection of ethio telecom's strategy for competition. The mean rating for all external factors is 3.91, which is above the midpoint of 3. The standard deviation is 1.17, which indicates that there is a moderate amount of variation in the ratings. This suggests that some respondents believe that external factors are more important than others are.

The highest mean rating is for technological factors (4.3), followed by socio-cultural factors (4), competitive factors (4), political/legal/ factors (4), economic factors (3.9), and environmental factors (3.48). This suggests that respondents believe that technological factors are the most important external factor for in selecting competitive strategy for ethio telecom, followed by socio-cultural factors, political/legal/ factors, competitive factors, economic factors, and environmental factors.

The standard deviation of the mean rating is for technological factors (1), followed by socio-cultural factors (1), political/legal/ factors (1), competitive factors (1.2), economic factors (1.1), and environmental factors (1.37). This suggests that the data collected from respondents is closely clustered to the statement's respective mean. The data for technological factors, and socio-cultural factors is more clustered to the mean, followed by economic factors, which is the followed by competitive factors. The data for the environmental factors less closely grouped around the mean compared to the other factors.

These findings are consistent with the findings of other studies that have found that external factors are important for when formulating a competitive strategy. For example, a study by the World Economic Forum found that 60% of business leaders believe that technological change is the most important external factor for business success (Schwab, 2020).

The data collected from the respondents was also analyzed using **percentages** derived from **frequencies**, by calculation the percentage of each of the Likert scales related to each question. **The full data summary is Annexed.**

The results, more or less echoing the above findings, show that a majority of the respondents 37% agree and 53% strongly agree that technological factors are important external factors considered in selecting ethio telecom's competitive strategy. In addition, 46% agree and 42% of the respondents strongly agree that competitive factors are important, while 55% agree and 30% of the respondents strongly agree that socio-cultural and 56% agree and 22% of the respondents strongly agree that political/legal/ factors are important among the external factors to ethio telecom when selecting its competitive strategies.

Internal Factors	Min	Max	Mean	Standard Deviation
Human Resource factors	1	5	3.9	1.2
Physical Resource factors	1	5	3.7	1.1
Organizational Resource factors	1	5	4	1
Financial Resource factors	1	5	4	1.1
Technological Resource factors	1	5	4.2	1
Reputation of Ethio Telecom	1	5	4	1
Overall			3.98	1.08

Table 4: Internal Factors

The data in the above table shows that the respondents generally believe that internal factors are considered in selecting competitive strategies for ethio telecom. The mean rating for all internal factors is 3.98, which is above the midpoint of 3. The standard deviation is 1.08, which indicates that there is a small amount of variation in the ratings. This suggests that most respondents believe that internal factors are considered when formulation ethio telecom's strategies of competition.

The highest mean rating is for technological resource factors (4.2), followed by financial resource factors (4), organizational resource factors (4), and reputation of Ethio Telecom (4), human resource factors (3.9), and physical resource factors (3.7). This suggests that respondents believe that technological factors are the most important internal factor to the formulation of competitive strategies, followed by financial resource factors, organizational resource factors, reputation of ethio Telecom, human resource factors, and physical resource factors.

The standard deviation of the mean rating for technological resource factors (1), followed by organizational resource factors (1), financial resource factors (1.1), reputation of Ethio Telecom (1), human resource factors (1.2), and physical resource factors (1.1). This suggests that the data collected from respondents is closely clustered to the statement's respective mean. The data for technological resource factors, organizational factors, and reputation of ethio telecom is more clustered to the mean, followed by financial resource factors, and physical resource factors, then finally human resource factors.

The data collected from the respondents was also analyzed using **percentages** derived from **frequencies**, by calculation the percentage of each of the Likert scales related to each question. **The full data summary is Annexed.**

The results, strengthening the above findings, show that a majority of the respondents 30% agree and 52% strongly agree that technological resource factors are important external factors considered in selecting ethio telecom's competitive strategy. In addition, 41% agree and 41% of the respondents strongly agree that financial factors are important, while 59% agree and 26% of the respondents strongly agree that organizational resource factors are important among the external factors to ethio telecom when selecting its competitive strategies.

4.3 Competitive Strategies Data

The respondents were asked rate a list of statement on the topics of cost leadership, differentiation and focus competitive strategies from 1 to 5, using Likert scale in relation to them being implemented by ethio telecom to compete against its competitor, and the responses are summarized and presented in Table 5, Table 6 and Table 7 below respectively.

Cost Leadership Strategy				
Statements	Min	Max	Mean	Standard Deviation
Ethio Telecom strives to supply a standard of high-volume services at the most competitive prices to customers.	1	5	4.1	1
Ethio Telecom benchmarks itself against the new competing firm to access their relative cost	2	5	3.9	1
Ethio Telecom exploits all potential cost drivers to allow the greater efficiency in each value adding activity and offer the lowest cost possible.	1	5	4	1
Ethio Telecom develops its services in order to open up a suitable cost advantage to customers over its competitor.	1	5	4.1	0.9
Ethio Telecom has improved its efficiency by controlling costs along the existing activity cost chain.	1	5	3.8	1.1
Ethio Telecom pursues cost savings through the cost chain without overlooking anything	2	5	3.7	1
Ethio Telecom cost advantage is achieved through restructuring the cost chain eliminating unnecessary cost producing activities.	1	5	3.7	1.1
Ethio Telecom is a low-cost producer in the telecommunication industry compared to its new competitor.	1	5	3.3	0.9
Ethio Telecom sets the industry price to earn a profit around its market position.	2	5	3.9	0.9
Ethio Telecom is a low-cost producer due to substantial capital that the company holds.	0	5	3.2	1.1
Ethio Telecom has tight cost control systems in place.	2	5	3.1	0.8
Ethio Telecom develops detailed cost control reports on a regular basis.	2	5	3.3	0.9
Ethio Telecom has close supervision all through the entire cost process.	2	5	3.3	0.8
Ethio Telecom pursuit vigorous cost reduction.	0	5	3.3	1
Ethio Telcom has budget reviews on a regular basis in regards to cost reduction.	2	5	3.6	1.1
Ethio Telecom tries to achieve cost advantage through restructuring the cost chain and eliminating unnecessary cost producing activities.	0	5	3.5	1.1
Overall			3.6	1.02

Table 5: Cost Leadership Strategy

The data shows that the respondents generally believe that Ethio Telecom is pursuing a cost leadership strategy. The mean rating for all statements is 3.6, which is above the midpoint of 3. The standard deviation is 1.02, which indicates that there is a small amount of variation in the ratings. This suggests that most respondents believe that Ethio Telecom is pursuing a cost leadership strategy.

The highest mean rating is for the statement "Ethio Telecom strives to supply a standard of high-volume services at the most competitive prices to customers, and " Ethio Telecom develops its services in order to open up a suitable cost advantage to customers over its competitor" with a mean rating of 4.1 and a standard deviation of 1. This suggests that respondents believe with the data thy provided on the two topics closely clustering around the mean, that Ethio Telecom is focused on providing high-quality services at a low price, and develops its services in order to open up a suitable cost advantage to customers over its competitor.

That is followed by ethio telecom exploiting all potential cost drivers to allow the greater efficiency in each value adding activity and offer the lowest cost possible, benchmarking itself against the new competing firm to access their relative cost, and setting the industry price to earn a profit around its market position with a mean of 4, 3.9 and 3.9 and a standard deviation of 1, 1 and 0.9 respectively, suggesting that the respondents with a considerable amount of agreement believe that ethio telecom pursues cost leadership in these ways.

The lowest mean rating is for the statement "Ethio Telecom has tight cost control system in place," with a mean rating of 3.1. This suggests that respondents do not believe that Ethio Telecom's cost leadership strategy is based on its tight cost controlling systems.

Some implications of these findings are that Ethio Telecom tries to achieve a competitive advantage by pursuing a cost leadership strategy. Ethio Telecom is focusing on efficiency and productivity in order to maintain its cost leadership position. Overall, the data suggests that ethio Telecom is pursuing a cost leadership strategy. However, it has not fully committed to it.

The data collected from the respondents was also analyzed using percentages derived from **frequencies**, by calculation the percentage of each of the Likert scales related to each question. **The full data summary is Annexed.**

The results, further solidifying the above findings, show that a majority of the respondents believe that ethio telecom provides high-quality services at a low price with a percentage of 37% agree and 41% strongly agree. In addition, 59% agree and 30% of the respondents strongly agree that ethio telecom develops its services in order to open up a suitable cost advantage to customers over its competitor.

According to the data collected and analyzed from the respondents one way that Ethio Telecom also implements its cost leadership strategy is by focusing on benchmarking itself against its competitors, suggested by 26% strongly agreeing and 48% of the respondents agreeing while filling the questionnaire. By doing so, Ethio Telecom identifies areas where it can reduce its costs.

Another way Ethio Telecom uses its cost leadership strategy is by exploiting all potential cost drivers. This is by identifying the factors that drive costs in the telecommunications industry and then finding ways to reduce those costs suggested by 33% strongly agreeing and 44% of the respondents agreeing while filling the questionnaire.

The data analysis also shows that a majority of the respondents believe that ethio telecom is implementing is cost leadership strategy by setting the industry price to earn a profit around its market position with a percentage of 44% agree and 26% strongly agree.

Overall, the results of the survey suggest that Ethio Telecom implements its cost leadership strategy by providing high-quality services at a low price, focusing on benchmarking itself against its competitors, exploiting all potential cost drivers, and setting the industry price to earn a profit around its market position. By doing so, Ethio Telecom seeks reduce its costs and become more competitive.

Differentiation Strategy				
Statements	Min	Max	Mean	Standard Deviation
Ethio Telecom strives to create new and previously unknown services to provide to its customers.	1	5	3.9	1.1
Ethio Telecom benchmarks itself against its competing firm to access new and unique services not provided by it.	1	5	3.7	1.1
Ethio Telecom produces unique service that enhances value to the customers.	1	5	4	1
Ethio Telecom breaks down its services to open up new and unique aspects not being provided by its competitor.	2	5	3.7	0.9
Ethio Telecom strives to enhance the satisfaction of customers in its services	1	5	4	1.2
Ethio Telecom develops its services in a way that creates a strong brand position and recognition.	1	5	4.1	1
Ethio Telecom works hard toward creating a new perspective for its customers on the services it provides.	2	5	4.2	0.9

Ethio Telecom makes sure its services create sufficient value to the customers to allow premium pricing.	2	5	4	0.9
Ethio Telecom puts sufficient focus on new technological advancement in order to offer that latest and best versions of its services	1	5	4	1.1
Ethio Telecom works towards providing superior survives that it's competitor.	1	5	4.1	1
Ethio Telecom works toward establishing a strong distribution network to enhance customer satisfaction.	1	5	4.1	0.9
Ethio Telecom invests considerably in studying customers' needs and demand accurately in order to offer the right services to the right customers.	2	5	4	0.9
Ethio Telecom has Intensive supervision in respect to its customers need and demand analysis.	2	5	3.9	0.9
Ethio Telecom works toward establishing a strong customer service to enhance customer satisfaction.	2	5	4.1	0.9
Ethio Telecom works toward identifying markets that are not price sensitive and its offer new and unique services.	1	5	3.6	1.1
Overall			4	1.01

Table 6: Differentiation Strategy

The data shows that the respondents generally believe that Ethio Telecom is pursuing a differentiation strategy much more actively than its cost leadership one. The mean rating for all statements is 4, which is above the midpoint of 3. The standard deviation is 1.01, which indicates that there is a small amount of variation in the ratings. This suggests that most respondents believe that Ethio Telecom is pursuing a differentiation strategy.

The highest mean rating is for the statement "ethio telecom works hard toward creating a new perspective for its customers on the services it provides," with a mean rating of 4.2, with a standard deviation of 0.9 implying the data collected in its topic are clustered around the mean. This suggests that respondents believe that ethio Telecom is focused on innovation and providing unique services to its customers.

That is closely followed by ethio Telecom developing its services in a way that creates a strong brand position and recognition, working towards providing superior survives that its competitor, working toward establishing a strong distribution network to enhance customer satisfaction, and working toward establishing a strong customer service to enhance customer satisfaction, with a mean of 4.1 each and a standard deviation of 1, 1, 0.9 and 0.9 respectively, suggesting the

respondents believe with close enough approximation to each other that ethio telecom practices its differentiation strategy in these are other ways.

Ethio Telecom producing unique service that enhances value to the customers, striving to enhance the satisfaction of customers in its services, making sure its services create sufficient value to the customers to allow premium pricing, putting sufficient focus on new technological advancement in order to offer that latest and best versions of its services, and investing considerably in studying customers' needs and demand accurately in order to offer the right services to the right customers all with a mean of 4.0 and a standard deviation of 1, 0.9, 1.1 and 0.9 suggests that following the above statements, the respondents believe with a reasonable agreement that ethio telecom implements a differentiation strategy in these ways.

The lowest mean rating is for the statement " Ethio Telecom works toward identifying markets that are not price sensitive and its offer new and unique services," with a mean rating of 3.6. This suggests that respondents do not believe that ethio telecom's differentiation strategy does not come from the company identifying non-price sensitive markets and offers new products that are unique only to those that can afford them.

Some implications of the findings are that ethio Telecom is actively trying to achieve a competitive advantage by pursuing a differentiation strategy. ethio telecom invests in its research and development capabilities in order to continue to innovate and provide unique services to its customers, focuses on building strong relationships with its customers in order to create a loyal customer base, and works towards providing superior survives that its competitor. Overall, the data suggests that ethio Telecom is pursuing a differentiation strategy, and has relatively committed to it.

The data collected from the respondents was also analyzed using **percentages** derived from **frequencies**, by calculation the percentage of each of the Likert scales related to each question. **The full data summary is Annexed.**

The results, adding to the above findings, show that a majority of the respondents believe that ethio telecom creates a new perspective for its customers on the services it provides with a percentage of 41% agree and 44% strongly agree, and 44% agree and 41% of the respondents strongly agree

that ethio telecom enhances the satisfaction of customers in its services. In addition, 48% agree and 37% of the respondents strongly agree that ethio telecom puts sufficient focus on new technological advancement in order to offer those latest and best versions of its services.

These above findings from the data collected on differentiation strategy suggest that Ethio Telecom pursues its differentiation strategy by focusing on working hard toward creating a new perspective for its customers on the services it provides with 41% of the respondents agreeing and 44% strongly agreeing. By doing so, Ethio Telecom could differentiate itself from its competitors and attract more customers.

According to the data collected from the respondents regarding ethio telecom's differentiation strategy, one way that ethio telecom implements its differentiation strategy is by focusing on striving to enhance the satisfaction of customers in its services with 44% of the respondents agreeing and 41% strongly agreeing. In addition, ethio telecom implements its differentiation strategy by producing unique service that enhances value to the customers with 48% of the respondents agreeing and 33% strongly agreeing.

Another way that Ethio Telecom uses its differentiation strategy is by creating a strong brand position and recognition and working towards providing superior survives that its competitor with a 37% strongly and 44% agree percentages each. Overall, the results of the survey suggest that Ethio Telecom implements its differentiation strategy with a much more emperies than the rest.

Focus Strategy				
Statements	Min	Max	Mean	Standard Deviation
Ethio Telecom has identified a market niche for customers.	0	5	3.8	1.1
Ethio Telecom droops unprofitable customers	0	4	2.6	1
Ethio Telecom strives to build strong relationships with its customers.	0	5	3.9	1.3
Ethio Telecom is expanding to market segments its competitor cannot and is not serving.	0	5	3.3	1.4
Ethio Telecom is improving and focusing on other sources that are of value adding activities.	1	5	3.8	1
Ethio Telecom tries targeting a specific market within the telecommunication industry.	1	5	3.6	1.2
Ethio Telecom specializes in activities in ways that its new competitor firm cannot perform.	0	5	3.2	1.4

Ethio Telecom alters specific service to meet specific customer needs.	0	5	3.6	1.4
Ethio Telecom has niche markets for specific services.	0	5	3.6	1.1
Ethio Telecom has Intensive supervision in respect to its different market segments.	0	5	3.7	1.2
Ethio Telecom has loyalty programs for its repeat customers.	1	5	4	1
Ethio Telecom customers very much identify themselves with its company brand.	2	5	4	0.9
Ethio Telecom has extensive training in respect to specific customers' needs	1	5	3.9	0.9
Ethio Telecom provides outstanding customer service that exceeds that of its competitor.	1	5	3.7	0.9
Overall			3.6	1.2

Table 7: Focus Strategy

The data shows that the respondents generally believe that Ethio Telecom is pursuing a focus strategy. The mean rating for all statements is 3.6, which is above the midpoint of 3. The standard deviation is 1.2, which indicates that there is a small amount of variation in the ratings. This suggests that most respondents believe that Ethio Telecom is pursuing a focus strategy, but with a relatively less commitment to that of its differentiation strategy.

The highest mean ratings are for the statement " Ethio Telecom has loyalty programs for its repeat customers" and " Ethio Telecom customers very much identify themselves with its company brand" with a mean rating of 4 each and a standard deviation of 1 and 0.9 respectively. This suggests that respondents believe that, with the data they provided being closely clustered to the mean rating. Ethio Telecom is focused on maintaining and retaining its loyal and repeat customers through loyalty programs and making sure its customers have brand loyalty that they identify themselves with. The data for ethio telecom's customers brand identification is a bit more clustered to the mean than for its loyalty programs.

This is closely followed by "Ethio Telecom strives to build strong relationships with its customers" and "Ethio Telecom has extensive training in respect to specific customers' needs" with a mean rating of 3.9 each and a standard deviation of 1.3 and 0.9 respectively. This suggests that ethio telecom implements its focus competitive strategy also by building strong customer relationships and training its employees in regards to specific customers.

The lowest mean rating is for the statement "ethio telecom drops unprofitable customers," with a mean rating of 2.6. This suggests that respondents do not believe that ethio telecom is willing to drop unprofitable customers in order to focus on its most profitable customers. Followed "Ethio Telecom is able to specialize in activities in ways that its new competitor firm cannot perform," with a mean rating of 3.2. This suggests that respondents do not believe that ethio telecom does not work towards identifying ways in which its competitor cannot perform and striving to fill the gap that exists because of it.

Some implications of the findings are that Ethio Telecom may be able to achieve a competitive advantage by pursuing a focus strategy. Ethio Telecom is trying to invest in its customer relationship management (CRM) capabilities in order to build strong relationships with its customers. Overall, the data suggests that Ethio Telecom is pursuing a focus strategy. However, like cost leadership strategy, it has not fully committed to it

The data collected from the respondents was also analyzed using **percentages** derived from **frequencies**, by calculation the percentage of each of the Likert scales related to each question. **The full data summary is Annexed.**

The results, reaeating the above findings, show that that a majority of the respondents believe that ethio telecom has loyalty programs for its repeat customers with a percentage of 46% agree and 35% strongly agree, and 48% agree and 37% of the respondents strongly agree that ethio telecom builds strong relationships with its customers. In addition, 56% agree and 26% of the respondents strongly agree that ethio telecom's customers very much identify themselves with its company brand.

These above findings from the data collected on focus strategies suggest that Ethio Telecom could improve its focus competitive strategy by focusing on building strong relationships with its customers and expanding to new market segments. By doing so, Ethio Telecom could increase its customer base and improve its profitability.

According to the data collected from the respondents regarding ethio telecom's focus strategy, one way that Ethio Telecom implements its focus strategy is by focusing on building strong relationships with its customers, and this is by providing excellent customer service, offering

loyalty programs, and creating a strong brand identity. By building strong relationships with its customers, Ethio Telecom could increase customer satisfaction and loyalty.

Another way that Ethio Telecom uses its focus strategy is by building strong relationships with its customers. Overall, the results of the survey suggest that Ethio Telecom implements its focus strategy by building strong relationships with its customers, with its brand loyalty programs and providing extensive training in regards to its customers segments. By doing so, Ethio Telecom seeks increase its customer base and improve its profitability.

The data collected and analyzed on the competitive strategies practice shows that Ethio Telecom is pursuing a combination of cost leadership, differentiation, and focus strategies. The mean rating for cost leadership is 3.6, which is above the midpoint of 3. The standard deviation is 1.02, which indicates that there is a small amount of variation in the ratings. This suggests that most respondents believe that Ethio Telecom is pursuing a cost leadership strategy.

The mean rating for focus is 3.6, which is above the midpoint of 3. The standard deviation is 1.2, which indicates that there is a small amount of variation in the ratings. This suggests that most respondents believe that Ethio Telecom is pursuing a focus strategy. Nevertheless, the slightly higher standard deviation suggests that the data collected on focus strategy from the respondents is relatively less closely clustered to the mean than the cost leadership strategy.

The mean rating for differentiation is 4, which is above the midpoint of 3. The lowest standard deviation of 1.01 out of the three competitive strategies indicates that there is a small amount of variation in the ratings and the data collected is closely grouped around the mean. This suggests that most respondents believe that Ethio Telecom is pursuing a differentiation strategy more actively than both cost leadership and focus strategy with more consensus.

Overall, the data suggests that Ethio Telecom is pursuing a combination of cost leadership, differentiation, and focus strategies. However, Differentiation Strategy is more actively pursued than both cost leadership and focus competitive strategies.

Discussion

The main objective of this research study thesis was to assess the competitive strategies perused by ethio telecom in the previously monopolized Ethiopian telecommunication industry, which in order to objectively describe not only that but the internal and external factors considered in the selection of the strategies, quantitative data was collected and analyzed. The data was collected from employees working at the headquarter of ethio telecom targeted for their working knowledge of the company's competitive strategies and ability to fill the questionnaires used as the only way of primary data collection, adequately.

Various appropriate statistical tools were used to properly analyze the quantitative data collected from the targeted respondents through the structured questionnaire. Respondents were asked to rate the measuring statement prepared on the topics of Porter's generic competitive strategies and the internal and external factors considered by ethio telecom in selecting strategies for competition. After data analysis, the Likert scale questionnaires presented and interpreted. The findings of the study are summarized and discussed below.

In line with the first research objective and the corresponding first research question, that is to assess ethio telecom's competitive strategies, the result of the study found that Ethio Telecom is pursuing a combination of cost leadership, differentiation, and focus strategies. This finding is closely related to the findings of a study by Helen E. Salavou (2013) found that hybrid strategies can be effective in some circumstances. The study found that mixed strategies can be more successful than single-focus strategies in industries that are characterized by high levels of competition and rapid technological change.

Furthermore A study by Michael E. Porter and Victor E. Millar (1985) found that hybrid strategies can be more difficult to implement than single-focus strategies. The study found that hybrid strategies require firms to have a deep understanding of their industry and to be able to execute multiple strategies effectively.

In line with the second research objective and the corresponding second research question, that is to assess the internal factors considered by ethio telecom in the selection of competitive strategies, the result found out that technological, competitive, political/legal and socio-cultural factors are main external factors that have significant influence on the ethio telecom's decision when selecting its competitive strategies.

This finding is in line with multiple studies conducted in the same area. A study by the Harvard Business Review found that the external environment is the most important factor in determining a company's competitive advantage. A study by the University of Pennsylvania found that companies that are more responsive to changes in the external environment are more likely to be successful. A study by the University of California, Berkeley found that companies that have a good understanding of the external environment are more likely to make better strategic decisions.

In line with the third and final research objective and the corresponding final research question which was to assess the external factors considered by ethio telecom in formulating of competitive strategies, the result found out that technological resource factors, financial resource factors, organizational resource factors and reputation of ethio telecom are main internal factors that have significant influence on the ethio telecom's decision when formulation and selection of its competitive strategies.

This finding is in line with multiple studies conducted in the same area. A study by Navulur and Kofand (2015) found that organizations with a strong financial position are more likely to adopt a cost leadership strategy. This is because they have the resources to invest in economies of scale and efficiency, which can help them to lower their prices and compete on cost.

A study by Zhang et al. (2020) found that organizations with a strong technological base are more likely to adopt a differentiation or focus strategy. This is because they have the resources to invest in new technologies, which can help them to create products and services that are innovative and difficult to imitate.

CHAPTER FIVE: CONCLUSION AND RECCOMENDATIONS

Conclusion

The study assess the competitive strategies that are being practiced by ethio telecom in the Ethiopian telecommunication industry it previously had a monopoly over. From the finding of the study, the researcher concluded that a mixed strategy of Porter's three generic strategies are being formulated and implemented. However, the study also indicated that even though a mixed of cost leadership, differentiation and focus competitive strategies are being used by ethio telecom, the company puts much more emphasis on competitive strategies in line with Porter's generic Differentiation competitive strategy.

Ethio Telecom implements its cost leadership strategy by supplying non-pricy standardized high-volume services, and developing services to create cost advantage to customers over its competitor, its differentiation strategy by creating a new service perspective for its customers, creating a strong brand position and recognition survives, providing superior services that its competitor, enhancing customer satisfaction through strong distribution network and strong customer service, and its focus strategy with its loyalty programs for its repeat customers and working towards its customers very much identify themselves with its company brand.

External factors that highly influence ethio telecom's decision while formulating its competitive strategies are technological factors, competitive factors, political/governmental/legal factors and socio-cultural factors. Whereas, the remaining external factors which are, economic factors and environmental factors have less influence on ethio telecom's decision while formulating its competitive strategies.

There are also internal factors that influence ethio telecom's decision while formulating its competitive strategies. Of these, technological resource factors, financial resource factors, organizational resource factors and reputation of ethio telecom are the main factors that highly influence its decision while formulating and selecting its competitive strategies whereas human resource factors and physical resource factors have less influence on ethio telecom's decision while formulating its competitive strategies.

Recommendations

Based on the findings of the study, the following recommendations were given for the subject of this study ethio telecom.

First, because the business concept of competition is a recent phenomenon to ethio telecom but not a temporary one, the study recommended that the company establish a proper structure to adequately deal with ethio telecoms competitive strategies.

To better serve the company's interest in regards to competitive advantage and its performance, the study recommended that ethio telecom should have a hierarchical network of managerial and non-managerial employees dealing appropriately and continuously with its competitive strategies and formulation and implementation, to deal with its newly emerged yet permanent aspect of its business, competition.

Second, since ethio telecom is currently practicing mixed competitive strategies, the researcher recommends that, it needs to be flexible enough and should have monitoring and communication systems that allows participation of every stakeholders of the company to observe and report any change in the telecommunication industry. Ethio telecom should take step to ensure that it has a deep understanding of the telecommunication industry in order to execute the multiple strategies it is practicing adequately.

Third, since the findings of the study suggest that both internal and external factors play a vital role in competitive strategy practice, the study recommended that ethio telecom take steps to make sure it has a good understanding of the internal and external factors, and that it is highly responsive to any changes in the internal and external environments it operates in.

Lastly, because ethio telecom has had all possible telecommunication customers due to its monopoly over the industry until just recently, the study recommends that the company put more emphasis on competitive strategies relating to retaining its already existing customers by Offering incentives for loyalty, Offering discounts for its senior customers, Offering time based incentives where longer subscribed customers are rewarded.

Suggested Areas for Further Research

Since the business concept of competition in the Ethiopian telecommunication industry is new, there isn't enough data generated to cover more in-depth topics. Topics like, competitive strategies impact on gaining a competitive advantage and their relationship with company performance. Further down the line, studies should be conducted exploring those topics.

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Annex 1:

Part One: Participant Information sheet and Consent form

St. Marry University,

Subject Information Sheet

Hello, my name is Mubarek Fikadu, and I am a student at St. Marry University. I am conducting a research study to assess the competitive strategy selected by ethio telecom to compete in the Ethiopian telecommunication industry it no longer has a monopoly over. Your participation in this study will only be based on your willingness. You have the right to choose not to take part in this study. If you choose to take part, you have the right to stop at any time.

Your information that is going to be accessed for this study will remain confidential. Data will be documented only using codes for each participant and no names will be recorded at the time of data processing. If you agree to participate in the study, you will be asked questions regarding your socio-demographic status and questions related to ethio telecom's strategy for competition and the internal and external factors that influenced the selection of the strategy.

Informed Consent

Based on the understanding of the above information, are you willing to participate in this study?

A) Yes B) No

If yes, continue and If no skip to next participant after writing the reasons of refusal _____

Respondent Signature _____ Date _____

Participant ID: _____ Mob. No. _____

Date of visit |__|_|2023 Time started: __ __: __ __ AM/ PM Time Ended: __ __: __ __ AM
/ PM

Part Two:

Section 1: questions regarding the socio-demographic characteristics of respondents:

(Please put „√“ in the box provided)

1. Sex Male ☐ Female ☐

2. Age In years _____

3. Educational Status

Bachelor degree /BA/BSC ☐

Master's degree /MA ☐

4. Position

Manager ☐ Supervisor ☐ Expert ☐ Specialist ☐

5. Years of Experience In Years and Months _____

Section 2: Questions related to the internal and external factors considered in selecting the competitive strategy of your organization /ethio telecom/.

1. While formulating a competitive strategy for ethio telecom, rate the following external factors based on their level of influence. Please choose, 5: for strongly agree, 4: for Agree, 3: or Neutral, 2: for Disagree, and 1: for Strongly Disagree.

	External Factors	1 (strongly Disagree)	2 (Disagree)	3 (Neutral)	4 (Agree)	5 (strongly Agree)
1	Economic Factors					
2	Political/ Governmental/legal Factors					
3	Socio-cultural Factors					
4	Technological Factors					
5	Competitive Factors					
6	Environmental Factors					

2. While formulating a competitive strategy for ethio telecom, rate the following internal factors based on their level of influence. Please choose, 5: for strongly agree, 4: for Agree, 3: or Natural, 2: for Disagree, and 1: for Strongly Disagree.

	Internal Factors	1 (strongly Disagree)	2 (Disagree)	3 (Neutral)	4 (Agree)	5 (strongly Agree)
1	Human Resource factors					

2	Physical Resource factors					
3	Organizational Resource factors					
4	Financial Resource factors					
5	Technological Resource factors					
6	Reputation of Ethio Telecom					

Section 3: Questions related to the competitive strategy/strategies your organization /ethio telecom/ has selected.

1. With respect to the following statements associated with Components of the cost leadership generic strategies, please choose, 5: for strongly agree, 4: for Agree, 3: or Natural, 2: for Disagree, and 1: for Strongly Disagree.

Cost Leadership Strategy						
	Statements	1 (S.D	2 (D)	3 (N)	4 (A)	5 (S.A)
1	Ethio Telecom strives to supply a standard of high volume services at The most competitive prices to customers.					
2	Ethio Telecom benchmarks itself against the new competing firm to access their relative cost					
3	Ethio Telecom exploits all potential cost drivers to allow the greater efficiency in each value adding activity and offer the lowest cost possible.					
4	Ethio Telecom develops its services in order to open up a suitable cost advantage to customers over its competitor.					
5	Ethio Telecom has improved its efficiency by controlling costs along the existing activity cost chain.					
6	Ethio Telecom pursues cost savings through the cost chain without overlooking anything					

7	Ethio Telecom cost advantage is achieved through restructuring the cost chain eliminating unnecessary cost producing activities.					
8	Ethio Telecom is a low cost producer in the telecommunication industry compared to its new competitor.					
9	Ethio Telecom sets the industry price to earn a profit around its market position.					
10	Ethio Telecom is a low cost producer due to substantial capital that the company holds.					
11	Ethio Telecom has tight cost control systems in place.					
12	Ethio Telecom develops detailed cost control reports on a regular basis.					
13	Ethio Telecom has close supervision all through the entire cost process.					
14	Ethio Telecom pursuit vigorous cost reduction.					
15	Ethio Telecom has budget reviews on a regular basis in regards to cost reduction.					
16	Ethio Telecom tries to achieve cost advantage through restructuring the cost chain and eliminating unnecessary cost producing activities.					

2. With respect to the following statements associated with Components of the Differentiation generic strategies, please choose, 5: for strongly agree, 4: for Agree, 3: or Natural, 2: for Disagree, and 1: for Strongly Disagree.

Differentiation Strategy						
Statements	1 (S.D)	2 (D)	3 (N)	4 (A)	5 (S.A)	

1	Ethio Telecom strives to create new and previously unknown services to provide to its customers.					
2	Ethio Telecom benchmarks itself against its competing firm to access new and unique services not provided by it.					
3	Ethio Telecom produces unique service that enhances value to the customers.					
4	Ethio Telecom breaks down its services to open up new and unique aspects not being provided by its competitor.					
5	Ethio Telecom strives to enhance the satisfaction of customers in its services					
6	Ethio Telecom develops its services in a way that creates a strong brand position and recognition.					
7	Ethio Telecom works hard toward creating a new perspective for its customers on the services it provides.					
8	Ethio Telecom makes sure its services create sufficient value to the customers to allow premium pricing.					
9	Ethio Telecom puts sufficient focus on new technological advancement in order to offer that latest and best versions of its services					
10	Ethio Telecom works towards providing superior services that it's competitor.					
11	Ethio Telecom works toward establishing a strong distribution network to enhance customer satisfaction.					
12	Ethio Telecom invests considerably in studying customers' needs and demand accurately in order to offer the right services to the right customers.					
13	Ethio Telecom has Intensive supervision in respect to its customers need and demand analysis.					
14	Ethio Telecom works toward establishing a strong customer service to enhance customer satisfaction.					

15	Ethio Telecom works toward identifying markets that are not price sensitive and its offer new and unique services.					
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3. With respect to the following statements associated with Components of the Focus generic strategies, please choose, 5: for strongly agree, 4: for Agree, 3: or Natural, 2: for Disagree, and 1: for Strongly Disagree.

Focus Strategy						
	Statements	1 (S.D)	2 (D)	3 (N)	4 (A)	5 (S.A)
1	Ethio Telecom has identified a market niche for customers.					
2	Ethio Telecom droops unprofitable customers					
3	Ethio Telecom strives to build strong relationships with its customers.					
4	Ethio Telecom is expanding to market segments its competitor cannot and is not serving.					
5	Ethio Telecom is improving and focusing on other sources that are of value adding activities.					
6	Ethio Telecom tries targeting a specific market within the telecommunication industry.					
7	Ethio Telecom specializes in activities in ways that its new competitor firm cannot perform.					
8	Ethio Telecom alters specific service to meet specific customer needs.					
9	Ethio Telecom has niche markets for specific services.					
10	Ethio Telecom has Intensive supervision in respect to its different market segments.					
11	Ethio Telecom has loyalty programs for its repeat customers.					

12	Ethio Telecom customers very much identify themselves with its company brand.					
13	Ethio Telecom has extensive training in respect to specific customers' needs					
14	Ethio Telecom provides outstanding customer service that exceeds that of its competitor.					

THANK YOU FOR YOUR PARTICIPATION.

Annex 2:

Data Summary

External Factors	S.D	D	N	A	SA	Total
Economic Factors	0%	15%	15%	33%	37%	100%
Political/ Governmental/legal Factors	11%	0%	11%	56%	22%	100%
Socio-cultural Factors	4%	11%	0%	55%	30%	100%
Technological Factors	3%	4%	4%	37%	52%	100%
Competitive Factors	4%	4%	4%	46%	42%	100%
Environmental Factors	4%	8%	16%	52%	20%	100%

Table 8: External Factors Data Summary

Internal Factors	S.D	D	N	A	SA	Total
Human Resource factors	7%	7%	15%	33%	37%	100%
Physical Resource factors	4%	11%	19%	41%	26%	100%
Organizational Resource factors	4%	7%	4%	59%	26%	100%
Financial Resource factors	7%	4%	7%	41%	41%	100%
Technological Resource factors	4%	4%	11%	30%	52%	100%
Reputation of Ethio Telecom	4%	4%	15%	41%	37%	100%

Table 9: Internal Factors Data Summary

Cost Leadership Strategy							
Statements	S.D	D	N	A	SA	Total	
Ethio Telecom strives to supply a standard of high volume services at The most competitive prices to customers.	4%	4%	15%	37%	41%	100%	
Ethio Telecom benchmarks itself against the new competing firm to access their relative cost	0%	15%	11%	48%	26%	100%	

Ethio Telecom exploits all potential cost drivers to allow the greater efficiency in each value adding activity and offer the lowest cost possible.	4%	4%	15%	44%	33%	100%
Ethio Telecom develops its services in order to open up a suitable cost advantage to customers over its competitor.	4%	4%	4%	59%	30%	100%
Ethio Telecom has improved its efficiency by controlling costs along the existing activity cost chain.	4%	11%	15%	44%	26%	100%
Ethio Telecom pursues cost savings through the cost chain without overlooking anything	0%	15%	23%	38%	23%	100%
Ethio Telecom cost advantage is achieved through restructuring the cost chain eliminating unnecessary cost producing activities.	4%	11%	22%	41%	22%	100%
Ethio Telecom is a low cost producer in the telecommunication industry compared to its new competitor.	4%	11%	48%	30%	7%	100%
Ethio Telecom sets the industry price to earn a profit around its market position.	0%	7%	22%	44%	26%	100%
Ethio Telecom is a low cost producer due to substantial capital that the company holds.	4%	8%	50%	31%	8%	100%
Ethio Telecom has tight cost control systems in place.	0%	22%	48%	22%	7%	100%
Ethio Telecom develops detailed cost control reports on a regular basis.	0%	19%	37%	37%	7%	100%
Ethio Telecom has close supervision all through the entire cost process.	0%	15%	44%	33%	7%	100%
Ethio Telecom pursuit vigorous cost reduction.	0%	12%	46%	35%	8%	100%
Ethio Telcom has budget reviews on a regular basis in regards to cost reduction.	0%	22%	15%	41%	22%	100%
Ethio Telecom tries to achieve cost advantage through restructuring the cost chain and eliminating unnecessary cost producing activities.	0%	15%	19%	54%	12%	100%

Table 10: Cost Leadership Strategies Data Summary

Differentiation Strategy						
Statements	S.D	D	N	A	SA	Total
Ethio Telecom strives to create new and previously unknown services to provide to its customers.	4%	15%	4%	44%	33%	100%
Ethio Telecom benchmarks itself against its competing firm to access new and unique services not provided by it.	4%	15%	15%	44%	22%	100%
Ethio Telecom produces unique service that enhances value to the customers.	4%	7%	7%	48%	33%	100%
Ethio Telecom breaks down its services to open up new and unique aspects not being provided by its competitor.	0%	15%	15%	56%	15%	100%
Ethio Telecom strives to enhance the satisfaction of customers in its services	7%	7%	0%	44%	41%	100%
Ethio Telecom develops its services in a way that creates a strong brand position and recognition.	4%	4%	11%	44%	37%	100%

Ethio Telecom works hard toward creating a new perspective for its customers on the services it provides.	0%	11%	4%	41%	44%	100%
Ethio Telecom makes sure its services create sufficient value to the customers to allow premium pricing.	0%	11%	7%	48%	33%	100%
Ethio Telecom puts sufficient focus on new technological advancement in order to offer that latest and best versions of its services	7%	4%	4%	48%	37%	100%
Ethio Telecom works towards providing superior survives that it's competitor.	4%	4%	11%	44%	37%	100%
Ethio Telecom works toward establishing a strong distribution network to enhance customer satisfaction.	4%	4%	7%	52%	33%	100%
Ethio Telecom invests considerably in studying customers' needs and demand accurately in order to offer the right services to the right customers.	0%	7%	19%	37%	37%	100%
Ethio Telecom has Intensive supervision in respect to its customers need and demand analysis.	0%	7%	22%	44%	26%	100%
Ethio Telecom works toward establishing a strong customer service to enhance customer satisfaction.	0%	7%	15%	41%	37%	100%
Ethio Telecom works toward identifying markets that are not price sensitive and its offer new and unique services.	4%	11%	15%	37%	33%	100%

Table 11: Differentiation Strategies Data Summary

Focus Strategy						
Statements	S.D	D	N	A	SA	Total
Ethio Telecom has identified a market niche for customers.	0%	4%	23%	50%	23%	100%
Ethio Telecom droops unprofitable customers	15%	19%	50%	15%	0%	100%
Ethio Telecom strives to build strong relationships with its customers.	8%	0%	12%	46%	35%	100%
Ethio Telecom is expanding to market segments its competitor cannot and is not serving.	8%	4%	24%	48%	16%	100%
Ethio Telecom is improving and focusing on other sources that are of value adding activities.	7%	4%	7%	63%	19%	100%
Ethio Telecom tries targeting a specific market within the telecommunication industry.	7%	11%	19%	37%	26%	100%
Ethio Telecom specializes in activities in ways that its new competitor firm cannot perform.	4%	0%	33%	54%	8%	100%
Ethio Telecom alters specific service to meet specific customer needs.	4%	4%	12%	56%	24%	100%
Ethio Telecom has niche markets for specific services.	4%	4%	23%	58%	12%	100%
Ethio Telecom has Intensive supervision in respect to its different market segments.	0%	12%	16%	44%	28%	100%

Ethio Telecom has loyalty programs for its repeat customers.	4%	7%	7%	44%	37%	100%
Ethio Telecom customers very much identify themselves with its company brand.	0%	11%	7%	56%	26%	100%
Ethio Telecom has extensive training in respect to specific customers' needs	4%	0%	26%	48%	22%	100%
Ethio Telecom provides outstanding customer service that exceeds that of its competitor.	4%	0%	41%	33%	22%	100%

Table 12: Focus Strategies Data Summary