

An on international business essay example

[Business](#), [Company](#)



Introduction.

In today's world every business entity is established with an aim of growing to a multinational organisation and having a significant impact in every corner of the world.

In this document an Indian company, Bharti airtel, quite young but with much vigour in terms of growing have been deeply Analyse. The Company was incorporated in New Delhi, India and it's enterprises revolve around the telecommunication industry.

The document have analysed the business entity in detail along the following three fronts:

- SWOT analysis, in this front the strength of the company have been brought on board, it's weaknesses analysed and also a classical enquiry on what the company is doing to counter its weaknesses analysed.

The opportunities lying in the path of growth of the company have also been identified and discussed in an informing way since every business ahs underlying threats many of such which are facing the company have also been discussed.

- PESTEL analysis is the other front in which the company have been brought on board by looking at, the social, political and economic factors facing the company as well how the legal, environmental and technological factors have been embraced in the enterprise.

- PORTER analysis is the final front in which the company has been approached and discussed, whereby, the five forces which help understand where the power of the business lies.

These analyses of the business have been used interchangeably in order to

shed more light and make the document more informing about this company.

Background of the company.

Bharti airtel was incorporated in New Delhi India on July 7 1995 as Bharti telecommunications- ventures limited company. Its main operating activities being to promote telecommunications services. It received its certificate of commencing business on January 1996.

The company operates in more than twenty countries all over the world with many of its telecommunications investments in Channel Islands, south Asia, and Africa and currently is exploring the possibility of investing the European and Latin American countries.

The company is the leading provider of mobile telephone services and the second largest provider of fixed telephony services in India. It also provides broadband and subscription television services.

Bharti Airtel Company was the first service provider Indian company to receive the coveted Cisco gold certification.

Literature review.

The company have been studied majorly with respect to its marketing strategies, in a report by *1shirkhar verma, (2003) he quotes that the company is the most profitable service company in India which have enhanced by vigorous advertising which has made to win a significant market share in India and in its branches offshore.

The adds that the company has increased its revenues and profits due to the fact the company has changed the tactic of competing on the price reduction front to embracing promotional campaigns which has seen it familiarise with

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many of its existing and potential clients.

The report adds that in order to revitalise its advertising strategies it has erected noticeable hoards along the busy routes of India and in busy shopping terminus kiosks with an aim of promoting brand awareness and to build brand awareness this is also a strategy it has extended to other branches in overseas country.

A report by *2vivek Kumar Gupta and mohd Imran, (2006) in September 2005 the company was the only company to provide mobile services in all 23 telecom circles in India and thus having the largest market share in that country.

The reports adds that the company in a bid to expand its services all over the world has considered acquisition of its rival companies in other countries the best strategy to achieve its dream of growing bigger as the best choice. In a report by Bharti airtel founder, Rajan Bharti Mittal (2005) explains the change in the way people communicate all over the worlds. He says, " There are over 1.5 billion mobile phone users in the world today, more than three times the number of PCOs. India today has the sixth largest telecom network in the world up from 14th in 1995, and second largest among the emerging economies. It is also the world's 12th biggest market with a large pie of \$ 6.4 billion. The telecom revolution is propelling the growth of India as an economic powerhouse while bridging the developed and the developing economics."

A report by *3CCK communication communications of Kenya (October 2012) showed that the Airtel company in Kenya recorded the largest market gains in terms of new subscriptions. In this report it said that the airtel recorded a

9. 6 percent growth over a period between April and June 2011.

The CCK said that this increase in market share was due to aggressive campaign to expand its subscriber's base. This increase in market share was also due to low call rates and charge free credit advances to its customers, this however left airtel in the second rank after the leading mobile services company the safaricom. Regardless of this good information it remains rather unfortunate for the company in this country as it has continued to record losses year after year. This poor performance is due to increased competition in almost all fronts from other mobile service companies in the country.

This information is as summarised below:

The graph shows gain in subscription by airtel and other rival companies in Kenya.

Data sourced from CCK Sector Statistics Report 4th Quarter 2012

The table below shows percentage gain in new customers by airtel relative to its competitors.

Data sourced from CCK Sector.

Analysis of the company.

Swot analysis of the company,

Strengths

This is the only Indian company to have a submarine cable which has made it the to provide high quality internet connectivity at high speed and thus becoming the most preferred company in internet supply, this has made to monopolise this sector. The company has continued to fetch huge profits and giving its shareholders good returns for their investments and thus winning

the trust of its investors as well as potential ones.

The company enjoys good market share leadership in home country in other African market, with its aim of acquiring the rival companies in its region of operations the company will expand its market share enormously and its profitability will grow at an exponential rate.

The company has a hierarchical management creating a good framework for effective flow of information allowing for effective management of the company's affairs at the most effective levels.

The company also is advantaged by having well trained and experienced team of management which has enhanced the robust growth of the company in and across the borders.

Weaknesses.

The company has and is continuing to experience some weaknesses most of which are emanating from within with few from outside, some of the internal weakness include,

Low brand promotion and lack of innovation in its advertising strategy in a country like Kenya the company has been criticised for this and that why its market share is growing at a slower rate regardless of investing so much in advertisement. more so the company has been to reluctant in embracing new technologies in the mobile services sector such as mobile money transfer it has always trailed in adoption of new techniques which would enhance a quick pace of growth of the company. Regardless of the company being the leading in India it has always been criticise of not extending its services to the rural areas of India.

Opportunities.

Vast opportunities are in plenty for this company, with negotiation underway to take over the African giant, MTN, the company will have pocketed the vast African market and it will automatically become one of the worlds largest mobile services company as it will be dominating the African market.

The company has the advantage of embracing most efficient technologies which will see it cut down on its costs of operations and thus increase on its profitability.

With legalisation of mobile number portability the company has a favourable chance to come up with innovative means to woo as many customers in its areas of operation in a bid to inflate its market share balloon.

The company having good customer relations and winning the trust of investors can take this opportunity to raise capital financing its growth through debt financing such as floatation of bonds.

Threats.

The company continues to face a series of threats that threatens its dream of growing bigger, some of these threats include;

Increased competition both from local rival companies such as *4BSNL and *4MTNL which offer their services at low rates causing the company to lower its rates in a bid to secure its market share and try to expand it.

The legalisation of mobile number portability would see the company lose a significant share of its customers who feel uncomfortable with the companies' services; this would see its revenues decrease.

Economic downturns such that experienced between 2008 and 2010 threatened the progress pace of the company.

Price wars is another constraint to progress of the company, in a country like Kenya where the war has intensified and with the company continuing to incur huge losses it had threatened the communications of Kenya and its arch rival the safaricom to seek legal mediation should they continue lowering the call rates.

PESTEL ANALYSIS

Political and legal analysis

With adoption and legalisation of the mobile phone number portability the company has been forced to introduce favourable product which will assist in retention of its market share, in India the government has spelled the terms auction of 3G services which favour the Bharti airtel company and excludes any other external rivals and thus the company enjoys local protection which enhances growth of the company as well as monopolisation of various telecom services.

Economic factors.

With Bharti Airtel being one the largest telecom companies in India and other emerging economies in the world it has being one of the leading contributor in the generation of GDP as well as generation of revenues to the government through paying of taxes.

More so with its existence it has generated may direct and indirect jobs to the entire populations in its areas of operation.

Social factors

It's through such services like communication and transfer of information that the welfare of the society is improved and therefore it can be qualified that the company has contributed toward promoting the welfare of the people.

Regardless of the good opportunities coming along with the revolutions in the telecom arena the vice of mobile phone terrorism has been on the rise and this has made the company to adopt techniques to curb this vice, such method include registration of mobile phone number to ease the process of tracking.

Technological analysis

With the current dynamism in the communications sector, the company has decided to keep a higher pace in embracing new technologies as well funding researches which will assist tin generation of efficient innovations that will meet the needs of the people in most efficient and cost effective ways.

Environmental analysis.

There has been a claim that radio waves being used in the mobile phones services cause cancer as well as damaging the DNA in individual, although this claim is yet to be verified, if it turns to be true then companies such as Bharti will be forced to contribute a social cost due to this destructive activity from their operations which will increase their cost of operations, more so the companies might be forced to embraces safe and more efficient modes of communication which would cause a huge cost burden.

Conclusion and recommendation.

With such kind of information regarding the company its crystal clear that Indian the company has achieved so much in such a little time furthermore the company remains committed to taking over the African giant MTN regardless of the company having a large market share than itself, should it succeed in doing so it will be the first Indian company to have acquired such a large and most profitable company outside its borders as well as being the recent form of backward takeover.

Bharti airtel has vast ground to expand and thus it would be a good service company for investors to diversify their investments in.

The company growth has of recent improved and remains promising as guaranteed by the acquisition of Zain, African business, Warid telecom of Asia and Qualcomm India.

With the recent rumours of the company exploring the possibility of entering the European and American markets it can be argued that the sky remains to be the only limit for the Bharti –Airtel Company.

Appendices

*1 the report was written by an Indian student, shirkhar verma , as project assigned to him by the Indian company, the project was titled, marketing strategies of Bharti airtel and comparison with reliance inforcomm

*2 this was a project carried out by two Indian Students, Vivek Kumar Gupta and Mohd Imran, the project was titled, Bharti airtel limited.

*3 CCK (Communication Commission of Kenya) is charged with the responsibility of regulating the communication industry and maintaining sanity among the competitors in the industry as well as safe guarding the

interest of the Kenyan people and the players in the communication industry

*4 BSNL and MTNL are the initial of other Indian company in the telecom industry and largest competitor of Bharti –airtel, BSNL stands for Bharat Sanchar Nigam Limited, while MTNL stands for Mahaganar Telephone Nigam Limited.

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