

Axiata strategic management

[Business](#), [Management](#)



Axiata is known as one of the main Asian telecommunication corporations with controlling the interests in mobile operators. This organization is providing telecom service in 8 Asian countries involves:

Malaysia,

Indonesia,

Sri Lanka,

Bangladesh

Cambodia

India,

Singapore

Iran

Axiata is including group of mobile subsidiaries and sub-operate with divers' brand name in different countries which has been listed as below:

Celcom	in	Malaysia,
XL	in	Indonesia,
Dialog	in	Sri Lanka,
Robi	in	Bangladesh,
HELLO	in	Cambodia,
Idea	in	India
M1	in	Singapore.

This organization has more than 200 million mobile subscribers in Asia. The company revenue based on annual report 2011 states USD 5.4 billion. In addition, more than 20,000 employee are working at this corporation through Asia.

Vision & Mission

One of the main Axiata's visions is to be the top regional mobile telecommunication operation by 2015 by piecing together the best within the

region in connectivity, technology and talent, uniting them in the direction of a particular objective of Advancing Asia. Axiata's vision is to develop as the First-class Corporation in Asian countries. This organization vision is regarding pleasing its customers as well as meet their demands. The objective of this company is to empower customers with choices and advanced solutions which will able them to have a better control.

The general environment

External environment involves General Environment & Competitive Environment. So any changes in general environment might have an impact on market and industry conditions. Organizations should be monitoring and scanning their general environment to identify their weak indications or the other factors which will have a negative effect on corporation reputation. For example Axiata as one of the biggest telecommunication organizations should be aware and conscious regarding any changes in telecommunication environment. On the other hand, the new technology is going to use from internet network for people to have a communication to each other. Those applications such as: Viber, WhatsApp, Tango, Skype and GoogleTalk are using the internet connection for calling or massaging.

In addition, the firms at this industry should be up to dating themselves with the new technology and more concentrate on internet packages as well as 3G technology. Furthermore, micro environmental analysis is utilizing as an

early warning system. This method will be providing time for organizations to forecast the risk, treat and opportunities in future in the general environment which might influence the market. Scanning, Monitoring & Forecasting the General Environment

One of the aims of scanning, monitoring and predicting of the divers' environments is to identifying and evaluating the small changes in general environment. By using the environment scanning method if any changes occur in market it would be easier for the firms and organizations overcome to a new situation in the market as well as trying to adopt themselves with the new industry conditions. For instance based on historic trends in telecommunication market demand for buying mobile simcard during the high season will be increasing. So Axiata as one the main telecommunication corporation at this industry by scanning, monitoring and forecasting the market demands can be overcome to this issue. In addition, enhance their capacity and quality to be able to provide an appropriate service to their consumers. Read about

threshold capabilities

For a suitable and realistic analysis of the general market:

1. First of all the current situation of the industry should be understood as well as the potential changes which might be happened in the selected market.
2. The environmental analysis should bring a significant insight for decision makers of the company strategy.

3. Environmental analysis should simplify and develop the strategic the strategic thinking in firms.

To give an example internet service for smart phones previously was costly however by technology development the smart phone users should pay less cost compare to one year ago. Furthermore, the 3G quality and speed has been increased as well. Thus, as one of the potential changes in telecommunication industry, in near future would be more customers who willing to use from smart phone internet services (3g). Consequently, decision makers of Axiata as one of the partner at this industry should be able to support this demand of their customers By environmental scanning firms will be able to recognize the weak signals in their industries.

Scenario planning

“ Scenario Planning is a disciplined method for imagining possible future which is an internally consistent view of what future might turn out to be” (Porter 1985, p, 446). For example in telecom market those expert managers sometimes are able to have recommendations (not forecast) regarding the future possibilities of the market. So they could prepare and set a story or scenario plan based on the future alternatives in telecom market. For instance in near future it would be possible by using the mobile phone networks access to bank account as a bank card such as ATM card or Credit card. Therefore Axiata’s decision makers should identify this innovation in their scenario plan and will be able to support this demand.

PEST Analysis

The general environment of an organization is including several elements. PEST Analysis is an important element for businesses being aware of

competitors' activities, where their decisions must be based on an innovative approach ahead of industrial changes.

1. Political
2. Economic
3. Social & Culture Circumstances
4. Technological

At the general environment of telecommunication industry many things are changing quickly such as the technologies, economic conditions, political conditions, social conditions. However according to Axiata's company website, this organization committed and awarded towards its business responsibility regarding its shareholders, consumers, societies and staffs as well as accountable towards efforts integrate social, eco-friendly and environmentally services. By PEST analysis organizations will be able to recognize the weak signals of the environment consists the relationship of the general and competitive environment.

1. Political: Political element is regarding the government's policy impacts on businesses. Including the stability of the governments, the policies of taxation as well as government's rules and political structure. For example if the telecom organizations are looking forward to invest in other countries, the stability of the government as well as taxation rate besides the rules for establish a company defiantly will be significant points for the investors and their priority for investment in different countries.

2. Economic: the other factors which can influence the economic conditions of the firms are listed as: Rate of Interest, Rate of Unemployment, Inflation Rate, GDP or Gross Domestic Product, Disposable Income and the rate of exchange. For instance Axiata organization have been analyzed and scanned the economic situation of Malaysia before investment. In addition, for the big project investigations all the economic aspects should be analyzed carefully because any delay or any mistake in economic estimation will be increasing the final project cost.

3. Social & Culture Circumstances: Social factor consists of cultural changes which will impact on environment. Based on Axiata's annual report 2011, one of the social contributions goals of Axiata is to push the countries to function higher income levels, by formation of world class processes, facilities besides talent for maintainable development. The future of Axiata is strictly related to social welfare of these countries. In addition, Axiata purposes to create an actual difference to people's lives as well as assist to alter the economies.

4. Technological: Technology already has transformed from 2G to 3G besides 3G to LTE. However it will bring a faster speed to internet consumers also will deliver more suitable price proficiency. In addition, Network distribution through other users is developing from cell sites to fiber and microwaves. Other than in the forthcoming future, dynamic network fundamentals, will considerably change the rate construction of Axiata's networks.

SWOT Analysis

SWOT analysis is using as a tool for businesses to measure the manufacturing then to advance their strategies to be able to compete with

their rivals. Also SWOT Analysis emphasizes on aspects of the business sector towards organize the findings, evaluate the current position of the organization, future forecasts and the economic situation. SWOT Analysis is about the Strengths, Weaknesses, Opportunities and Threats of internal environment in firms.

Strengths:

Economical postpaid plan in Malaysia - This plan is appropriate for those consumers who are assigned by lowest financial plan as well as the lowest postpaid plan in Malaysia for the monthly phone bill. Bigger Asian telecommunication corporation - Axiata is providing mobile operators services in Malaysia-Indonesia-Sri Lanka-Bangladesh also Cambodia by important strategic risks in India-Singapore plus Iran.

Weakness:

Market share - Axiata has lost the market portion to Maxis. Celcom's consumers have only 31% of the Malaysia user share. In the other word, Maxis was capable to preserve its users share at 42%. However Digi users only at 27%.

Opportunities

Development in worldwide telecommunication service manufacturing Celcom as of one Axiata's subsidiaries in Malaysia announced that have the broadest and widest coverage countrywide, in contrast to other cellular services in Malaysia. Threats

Subscriber War Business Practices

To answer to consumers requests, the manufacturing involved in subscriber conflict corporate practices. Within the last Three years Celcom

had struggling condition as one of the entry to the Malaysia telecom market in terms of profits as well as subscribers. The impact of General environment changes on the competitive environment Scenario planning besides PEST have a significant impact in terms of recognizing the discontinuities which will have an important influence on association in competitive environment.

The competitive environment

Competitive environment has the major direct influence and impact on organizations. It doesn't mean that the general environment is not important but it means the general environment have a lesser influence on organization compare to competitive environment. Suppliers, Rivals and Customers are elements which are influencing the competitive environment.

Five Forces Framework of Porter

Porter five forces is about the 5 main factors within the industry that will influence the organization's performance. The framework attempts to evaluate the differences of rivalry though remaining universal.

In telecom market the power of buyer is high because buyers are focused, the industry product is standard, the switching cost is low, and the buyer has full information. The power of supplier is high because supplier's product is important to buyers and suppliers' products are differentiated. The potential of new entrance is moderate because it's not easy to entre to this market, numerous or equally balanced competitors, high fixed costs, high exit barriers. The threat of substitute products and services is moderate because similar products and services in telecom industry which can encounter similar needs, it's mention to rivalry from new entrants, substitutes border the potential of earnings in telecom industry, the price and performance

relation of substitute products determines the extent of their threat Internal environment

Value chain as one of the elements of internal environment is consist of two types of activities:

1. Primary Activities: To create the service constructors.
2. Support Activities: To ensure the primary activities perform efficiently and professionally. Margin/ Added Value: the diversity between the total value obtained by the Axiata Corporation from the customers for telecom services as well as total charge of creating the telecom service.

1. Business level strategy

Business level strategy has been defined according to customer's demands besides the potency and capability of customers. Furthermore, industry also has been defined via supply circumstances relating to current technology in addition to networks distribution. Business level strategy is regarding the competition situation in selected market and how firms are planning to create a better opportunity for their rivalry. SBU or Strategic Business Unit is a different part of an organization in terms of concentrating on particular market including providing services or producing products.

A. What is meant by the strategy formulation?

Strategy formulation is regarding the procedure of selecting a suitable pattern in terms of approaching toward aims and proposes of company besides considering about the vision of organization.

B. Three Stages of Strategic Management

Porters' generic competitive strategies are including:

1. Overall Cost Leadership

2. Differentiation Strategy

3. Focus Strategy

1. Overall Cost Leadership

Axiata has focused on Economies-of-Scale by spread up its services as well as considering on overall low cost by entering to the telecom market of several Asian countries (including Malaysia, Indonesia, Sri Lanka, Bangladesh, Cambodia, India, Singapore and Iran). However providing telecom service at these countries will be costly but by increasing the amount of consumers the overall cost of Axiata has efficiently decreased. Currently Axiata has over 200 million mobile subscribers in Asia. On the other hand, one of the Axiata's strategies is about considering on low cost call rate. For instance, the call rate of Cellcom compare to the other competitors in Malaysia (such as Maxis, Digi and U mobile) is the cheapest rate. Nevertheless, in terms of overall cost leadership strategy the risks of changing technology and less price sensitive threaten the organization strategies as well.

Changing Technology Risk

At this era when technology is developing quickly, companies need to utilize the up to dated technology to provide a better service to their customers. Therefore it would have extra expenses for organizations. In addition, may be by new investigation the cost of service would be higher for companies. On the other hand, Axiata has focus on attract more customers as well as

providing a high quality service. So Axiata by growing the economies of scale has tried to decrease the overall cost of its organization.

1. Less Price Sensitive Risk

Furthermore, by providing service as the lowest cost in the market, there is a risk of less price sensitive by consumers which means because of the low price of the service or product (such as a cellular operator service or internet plan service of Axiata) might be consumers think because of the poor quality level of service the price is lower than other revivals as well. However the service quality could be same or even better than other competitors.

2. Differentiation Strategy

Is about the strategy when an organization targeting for different market segment and designs a distinct offering for every market segment based on the demand and different condition of the countries. Axiata successfully has focused on differentiation strategy by built up different companies as Axiata's subsidiaries in divers countries. The corporations are created based on government policies, economic, social as well as technology condition of the different countries as well as different resources and capital, capabilities besides association arrangements.

3. Focus Strategy

According to an article (Axiata's Celcom Staying Focused on Mobile) available at TheEdge Malaysia website. The manager of Celcom Corporation as one of Axiata's subsidiaries has announced that this organization remains focusing on mobile business as well as high speed broadband or HSBB plan to be complementary product towards maintain its investment besides company consumers.

Axiata's Resources and Capabilities in Telecom Market

Axiata as one of the organizations in telecom marketing first of all should analyze and recognize the sources of telecom industry for a better competition. For instance in telecom industry generally there are two types of data resources including: Internal data and External data. Internal data is including:

Contract data

Traffic data

Contact centers data (such as customer-complaints, contact-center communications logs and stats, etc.) Billing data

External data is including:

Market research: Such as market analyzing and market evaluation research.

Secondary data: including geographic information, demographics.

Partnerships: such as data merges with potential business partners.

Capabilities

One of the most significant elements in organization development is about enhance the capability of the corporation. For example selecting and utilizing from appropriate human resource can improve the capability of the company. In addition, Axiata's collection procedure emphasizes on picking the suitable candidates for the right position, in terms of practical capabilities as well as behavioral appropriate plus leadership capabilities besides future potential. The progression is divided to three segments:

1. FirstInterview

2. Assessment

3. Final Interview

Furthermore, Axiata in Sri Lanka offers 3. 5G services (including mobile telephony and the technology of data to deliver well performance compare to 3G systems. Axiata plans toward placement of 4G capability through major places of Sri Lanka such as towns and rural areas. Axiata Market Positioning

Currently Axiata has fine positioned for value formation in Cambodia as well as other Asian countries which already stated. In addition, Axiata has established a marketplace leadership position through merging a strong rival at an exact period.

Corporate level strategy

Corporate strategy is about the company poverty to be in which industry besides define the job scopes based on market demands and describe a strategy towards approaching the corporations' goals.

Growth Strategies of Telecommunication Industry

Based on evidences the telecom technology is growing quickly as well as the number of mobile phone consumers. For instance the number of mobile phone users of XL company as one the Axiata subsidiaries in Indonesia has increased from 170, 000 users in 2009 to 140, 000 users in 2013 and also predicted this amount will be increasing to 1500, 000 users in 2016. Furthermore, the number of 3G phone subscribers will be increasing by 25% in 2016.

What are the key differences between business strategies ; corporate strategy and what do these differences mean for strategy formulation? Business strategy is dealing with the trend of specific strategic business unit or units (SBU) should move. In addition, the resources regarding SBU will be using towards the strategy implementation of the parent group (e. g. management group of Axiata including CEO, CFO plus President as well as other corporate management group members) who together make decisions regarding corporate strategy.

The main decisions that need to be made in corporate strategy The key decision which should be made is about in which business the organization should be in as well as how should corporation assign the resources to the business operation process.

International strategy and globalization

Axiata efficiently has created its strategies based on international and globalization strategy. Furthermore, Axiata has created divers corporations in different countries in order to local preferences, high quality service and standardized besides improving the economics of scale. These strategies (including international and globalization) can bring better opportunities to firms.

Type of International Strategies

Among of divers international strategies Axiata has chosen the Multi-domestic strategy which means based on different situation and conditions of each country has established an organizations according to resources, market demands, supporting, organization strategy, structure and rivalry.

Organizational Systems and Strategic Change
Specialization ; Coordination

Specialization and coordination are two main factors in strategy implementation. Specialized responsibilities regarding labour's division involves a great coordination. On the other hand, organizations for providing a better specialization needs to have a better coordination as well.

Organizational Structure

According to Axiata Annual report 2011, organizational structure has focused on employment, industry division as well as tasks coordination. Therefore, corporate structure of Axiata has been divided to divers division and subsidiaries based on tasks coordination and work division. New strategies of organization will be formulating after proceed through a cycle involves:

administrative issues,

structural performance failures,

establishment of new organizational structure,

and improvement in terms of organizational performance.

The organizational structure of Axiata has been shaped based on a divisional structure. On the other hand, the divisions of Axiata have created according to services, markets, customer demands besides process division in Asian countries. As an advantage of this structure, every department can concentrate on their core activities. (Axiata Group Corporate Structure has been attached in appendix).

Organizational Culture

Axiata highlights the culture of superiority, towards accelerate performance as well as develop the organization. Based on Axiata vision, this company is attempting on the way to be a leading mobile operator in the Asian countries by 2015. Therefore, the subsidiaries of this corporation must be aware towards the different cultures of these countries as well.

Organizational Processes and Resource Management

The aim of Organizational Process Definition or (OPD) is towards create and preserve a practical regular of organizational process resources as well as standardizing the work environment and enhance the efficiency. According to Axiata annual report, this organization has focused on managing the resources towards enhance the corporation efficiency. For example one of the most vital resources of any corporation is the human resources. At this matter Axiata has a strategy to ensure about the sustainability of the organization by using talents. Talented employee as Axiata resources will be helping to this organization on the way towards achieve the world-class performance. Consequently, Axiata has been investing on human resource capabilities in order to innovation improvement of staff's performance.

Strategic Control Systems

Axiata Strategic Control Systems of this corporation has been defined as: evaluation and analysis of the corporation capabilities besides the integrity of the Organization Strategic control systems plus management information systems, containing structures on behalf of compliance with applicable laws, regulations, rules, directives and guidelines.

Strategic Change

Strategic changes is an essential element in all the industries in order to enhance the efficiency of organization's capabilities as well as resources. These factors will be changing the competitive environment of market.

Alteration into a New Generation of Telecommunication

In 2012 Axiata faced to challenging and important changes including: Consumer behavior, Demographics, Rapid increasing in smart phones using, New non-traditional competitors and players, Regulatory, etc. Presently voice call revenue has decreased however data service demand is increasing quickly. For instance, currently people are more interested to using form applications such as Skype, WhatsApp, Viber, WeChat, GoogleTalk and etc. rather than using Voice call and SMS services. New data technology has brought more convenient for consumers in terms of decreasing the customer's expenses as well as more flexibility. Consequently, Axiata needs to change its strategy in terms of new Package, Price, besides add value to these services. Based on telecommunication trend which has been attached in appendix, it illustrates that the number of cellular phone users as well as 3G phone subscribers have been increasing gradually since 2009 to 2013. Consequently, the strategic change in telecom industry is following the evolutionary trend so operators have enough time to adapt.

New Strategic Change

In addition, based on new strategy of Axiata, this company is pursuing to directly consider on certain applications in digital services including m-

payment, m-commerce, m-entertainment, etc. to improve long-term margins as well as decrease the cost per byte.

Strategic Leadership

The Relationship of Visionary Organization, Strategic Leadership ; Management, Learning Organization, Emotional Intelligence, Vision, Values and Culture Leadership objectives and management tasks of the organization have been defined as below:

Plotting the Future Path of The Group,

Strategic Planning,
Mergers and Acquisitions,
Joint Development Projects,
Capital Raising and Allocation,
Leadership and Talent Development.

On the other hand, management team has to make sure about efficiency and productivity of the organization. According to the learning and emotional intelligence implementation plan, Axiata has to ensure that staffs obtain continuous training in different ranges of work including:

Knowledge,

Self-regulation

Motivation

Understanding ; responsiveness

Healthand safety,

Technical training,

Leadership

And new product development.

Axiata traces to fund in network coverage sector, increase the capacity and performance, and purposes to preserve its technology leadership and place as the Asia's best mobile service provider. Celcom as an Axiata subsidiary in Malaysia, has been settled Service Provider of the Year Award for three years in a row since 2008. This organization has received several awards in regard of leadership and management containing: Masterclass CEO of the Year Award as well as Business Leadership Award for the Telecommunications Sector at the Malaysia Business Leadership Awards. The most significant items in terms of organization progression planning have been stated as: Multiple data points of the talents including:

past functional experience,

leadership competencies,

behavioral ; learning agility

Leadership ; Culture - Hofstede Model

The Hofstede Model has been created according to four distinct cultural measurement which defines the cultural impression of a society on its member's values, as well as how these values describe the behavior. The power distance index figure is lesser in regions that authority figures work closely with those not in authority, besides is higher in countries or organizations with a more authoritarian hierarchy. For example power distance index is higher in Asian countries however Individualism (collectivism) is lower at this area. Corporate Governance

Corporate	Governance	Definition
-----------	------------	------------

Axiata with high corporate governance standards, performs a significant part on the way to the Group's continued growth and success with consideration in competitive global market. The management team has been committed to handling an ethical business and in a transparent way to make sure about the sustainability besides long term value of the business for all the shareholders. According to induction program which has been synchronized by the Group Secretary Company, president and GCEO of the company, empowers the employees to have the essential information and overview regarding the organization. This program will be assisting the staff to have a better understanding regarding the company operations, current issues, corporate strategies plus company management structure. The component commonly covers the following issues: Company vision, mission and objectives,

Overview of Group Strategy, Finance, Procurement, Corporate Finance, Treasury, Human Resources, Internal Audit, Treasury and Investor Relations, OpCos engagement process, background and major developments, Risk Management, Talent Management and Leadership Development Program, Technology updates and initiatives,

Mergers and Acquisitions updates,
Regulatory issues and recent developments,
Corporate, Board and Governance structure.

Shareholder ; stakeholder theories of corporate governance

The stakeholder theory emphasizes on “ The process by which corporations are made responsive to the rights and wishes of stakeholders,” (Demb and

<https://assignbuster.com/axiata-strategic-management/>

Neubauer, 1992). This theory is to approach the needs of stakeholder in regard of Government, The local community, Shareholders, Customers, Suppliers and Employees “ The main approaches of Stakeholders are those individuals or groups that affect or are affected by the achievement of an organization’s objectives” (Freeman, R. E. 1984).