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ORGANIZATIONAL SURVIVAL AND TELECOMMUNICATION SUBSECTOR OF NIGERIA: DECISION MIX PERSPECTIVE (2000-2020)

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Abstract: **This paper examines the variables of organizational survival and the telecommunication subsector of Nigeria. Constraints associated with promotional strategies have impacted on survival of these organizations in this subsector. They include and are not restricted to poor environmental variables, poor marketing strategies, product innovation and poor product development strategies amongst others. In the methodology the ordinary least square (OLS) technique was adopted. The study reveals that variables of product strategy affect the survival of organizations in the telecommunication sub sector. This study therefore advocates more research and innovation capable of improving the sector and achieving strategic directions of price, place, product and promotion.**

Keywords: **organizational survival, telecommunication subsector, ordinary least square (OLS).**

1. INTRODUCTION

One of the fundamental imperatives of the telecommunication subsector of any economy has been the sustained survival vis-à-vis strategic performance in relation to the marketing management dynamics. Thus the application of marketing features of the performance of communication subsector is fundamental but characterized by constraints. These constraints are associated with the promotional strategies adopted which have affected the survival as well as the rate of turnover and marketing of communication services. Other constraints that have impacted on the survival of the communication subsector in relation to quality of services and poor rate of contribution to the GDP (Gross Domestic Product) of Nigeria include but not restricted to problems of place, price, product, promotion as well as political environment. The place is a function of multi-channel direct sales, retail and wholesale which are affected by the general environmental variables. These variables equally impact on the pricing strategies, penetration cost and market share in relation to market leadership and environmental scanning. Again, other constraints are associated with product innovation, poor product development strategies, packaging, non-merchantability of product as well as poor value of products. Government policies in relation to communication subsector equally serve as constraints impacting on the survival of these organizational survival and growth is measured by the output of their marketing strategy in relation to the output of organizational goals and objectives as permitted by environmental variables. Marketing strategy is associated with promotion to ensure a consumer that what the consumer buys is merchantable. Also,it is obvious that consumers have the liberty to run around brands and utilize products as it suits them during promotional activities which could be embarked upon at any time the organization wishes.

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The communication sector is linked with the objective of business survival, high performance and profit maximization as bedrock. These make the sector engage a great height of aggressive marketing programmes in order to fit into or better still, win the competition in the communication market. Marketing tools utilize range from free items, raffle draws of various items (automobiles, TV set, generators) to mention but a few. These strategies used can be termed as “promotional war” because they keep changing strategies week in week out as their competitors change. It is in line with the above that this study seeks to examine the application of marketing mix otherwise known as marketing decision variables on survival of communication sub-sector. Thus, the particular research question suggest itself : Do the different marketing mix variables have significant impact on the survival of communication sub-sector in Nigeria?

Organizations exist to attain specific vision and mission for a defined period of time. In other to ensure sustainable survival and exist continuously in the business for a long period of time, organizations must look for effective strategy of executing business activities with the aim of archiving organizational objectives (Olorunleke, and Akinyele, 2010). At present, as a result of environmental dynamism and competitiveness, the struggle for survival (profitability) in the business has become more difficult and challenging. The nature and growth trend of the telecommunication subsector with the competitive environment brought several and special problems for their marketing. Since such services are complex and multiple factors affect interactions, organization have to adopt holistic marketing approach to deal with these problems. Holistic marketing approach for services requires external marketing which deals with the interaction of the organization or the company as a whole with customer in terms of company product, price, distribution channels and promotion activities. Marketing management has developed much more specific resources to achieve its objectives. The resources are usually called the MARKETING MIX and or the firm marketing decision variables.

The advent of globalization has helped the communication industry to gain more popularity while its service patronage is growing rapidly among the citizenry. This has compelled telecommunication marketers to develop new strategies aimed at increasing their customers’ size. Mobile phone is the most promising and high growth area of telecommunication, with more than 1.7 billion global subscribers and about 80 percent of the world’s population covered by mobile networks. As popularized by Alhaiou(2000), Mobile phone is fast becoming so popular that people rely completely on mobile phones primarily because of mobility, safety and privacy. Presently, customers go to market with more knowledgeable, choices and value that new technology has brought to customers’ daily lives. The usage of mobile phone has now extended from voice communication to the internet (Azila and Noor, 2011). On the other hand, phones serve as personal organizers, with built-in cameras, camcorders, games, music playback radio, push-to-talk, infrared and Bluetooth connectivity, and ability to watch video and TV services. Xevelonaki (2005).

Competition becomes petinent and is a critical factor in marketing management which includes all actual potential rival offerings as well as substitutes that a buyer might consider. In the telecommunications industry competition is intense and several factors are forcing major changes. Mergers and consolidation have completely altered the industry’s landscape and cross-border ownership of telecom business is making this a globalized industry. Deregulation and privatization have a continual implications throughout the globe (Singh, 2012).

Internet and wireless technologies continously advance rapidly and quickly changing customers preferences, disrupting traditional communication methods and forcing prices downward. The telecommunication industry encompasses many technology-related business sector including: Local and long-distance telephone services wireless communications, internet, Fiber-optics, satellites, Cable TV systems, etc. Cable companies are now aggressively offering local telephone service and internet service. Telecommunication service providers are now selling TV via Internet protocol services, competing directly against cable for consumers’ entertainment and making the relationship between the telecom and cable sector more complex. Thus ingenuity as well as innovation, insight and a reasonable applications coupled with proper combination of the marketing mix variables facilitate survival and propel the communication industry forward.As articulated above, this study therefore focuses on the application of marketing mix and the survival of communication subsector in Nigeria.

2. THEORETICAL DISCOURSE

Abrams (2010), opined that marketing mix is the combination of different marketing decision variabls adopted by the firm to market its goods and services. After identifying the market and gathering the basic information, the next step is the direction of market programming, decision regarding the instruments and the strategy to meet the needs of the

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customers and the challenges of the competitors. It offers appreciative combination of all marketing ingredients so that companies can realize their goals, of profit maximization , sales volume, market sharea and return on investment etc. The marketing mix is grouped under five elements, that is; Product, Price, place, promotion and recently politics. A profitable formula of marketing operations is that mostly marketing mix changes as per marketing conditions and also with changing environmental factors. The marketing mix is a set of controllable variables that the company can use to influence the buyers responses. Thus, the marketing manager decides the level of marketing expenditure so as to achieve the marketing objectives and targets of the firm, and after finalizing the marketing budget, a decision is taken regarding the sharing of the total marketing budget among various tools in the marketing mix. Marketing mix is the combination of the fair inputs of all the important elements or ingredients that constitute the marketing programmes. Put simply, it constitutes the core of organization`s style of marketing. These elements are very significant and depend on each other through symbiotic relationship. The five elements in the marketing mix are inter-related, thus the basic elements that constitute the marketing mix are diagrammatically articulated in the marketing mix cycle below;

Marketing Mix Cycle

Strategies for marketing mix and competitive advantage:

Marketing mix by 5P's can only be implemented by marketing managers. Marketing mix is the greatest strategy for attaining competitive advantage by roganizations patrcularly the telecommunication firms. The customer is king, thus it is mandatory to employ excellent marketing mix by marketing manager. These key elements satisfy the customers` needs and demands. It is therefore essential to plan and implement appropriate Marketing Mix of 5P'S for competitive advantage. Marketing Management is about placing the right product, at the right place, at the right time. Strategies for marketing mix for competitive advantage are associated with product mix. It follows that a product is the starting point of all marketing activities. A product is a combination of different attributes. It comprises of physical factors such as colour, design, features, performance and non-physical factors like value, quality etc. Product planning involves a variety of decision to be taken firmly to bring the product in the market (Davies, 2004). Decisions concerning products are related to the designing which is very fundamental in the communication subsector vis – a –vis focusing on the product and influencing the purchase decision of the customers. The design is directly linked to success as it makes the product stand out and leads to goal achievement. Technology is adopted to develop new products that are user friendly with product differentiation. Following this,the usefulness of a product as it increases its market share which remains an essential component in order to have competitive advantage in the market. A product is developed to have extra uses in comparison with same type of product available in the market. Product value, quality, packaging and branding are essential elements in the decision making process by communication organizations.

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Furthermore, price is the consideration in which a customers` promise is bought - price is the amount a customer pays for a product. It is ascertained by various factors including cost , material, product differentiation, competition, market share and the customers` perceived value of a product(Davenport, Thomas and Jeanne 2007). Decisions are essential in the area of strategic pricing which involves important decisions for firms. The price of the product is selected on competitive basis. Pricing strategy actually seeks to compete on the basis of superior distribution, appealing advertisement and several other factors. The skimming, penetration pricing, and psychological pricing are basic elements adopted by communication organizations in Nigeria to aid decision making regarding pricing.

The place of distribution strategy emerges as the next element. Thus Place is generally referred to as the distribution channel (Rasmussen, Andrea, Carolyn, and Edward, 2007). Place can be physical store as well as virtual store. The process involved in transferring products from the producer to the consumer is known as distribution. The following decisions are related to place. This involves retailing, wholesaler, internet and multi-channel etc. Promotion Mix forms another fundamental strategy of decision making variable by telecommunication firms. According to Smith(2002), promotion activities are meant to communicate and persuade the target market to buy the company's products. The firm chooses the product to meet the identified need of the target segment. The right distribution channel is used to make the product available and the firm undertakes attention-getting promotion. The decisions concerning promotion are related to the following special offers- endorsement, advertising, direct mailing, posters /leaflets, innovation, Creativity, joint venture with suppliers.

Politics in the decision variable as the entire system is politicized. Thus, Politics has a direct and indirect effect on the availability and acceptability of products and the way consumers appreciate products. Politics through legislations and government policies can affect the way a product is received in certain countries. For example, it is rare to find Russian made cars in the United State.

Long term vs. Short Term Aspect o-f Marketing Mix: According to Borden, Neil H (1965), the marketing mix of a firm in large part is the product of the evolution that comes from daily marketing. At any time, the mix represents the program that a management has evolved to meet the problems with which it is constantly faced in an ever changing, ever challenging market. There are continuous tactical maneuvers: a new product, aggressive promotion, or price change initiated by a competitor must be considerered and met; the failure of the trade to provide adequate market coverage or display must be remedied; a faltering sales force must be organized and stimulated; a decline in sale share must be diagnosed and remedied; an advertising approach that has lost effectiveness must be replaced; a general business decline must be countered. All such inhibitions call for management maintaining effective channels of information relative to its own operations and to the day-to day behavior of consumers, competitors, and the trade. Short range forces play a significant part in the fashioning of the mix to be used at any time and in determining the allocation of expenditures among the various functional accounts of the operating statement.

The general strategy adopted in a marketing mix is the product of longer range plans and procedures dictated partly by past empiricism and also in the next part, by management foresight regarding what has to be put in place to keep the firm successful in a changing environment. As the world has become more dynamic, organisations need managers who have foresight, can hold in consciousness the study trends; natural, economic, social, technological and environmental variables and changes. Such managers must be guided by these and then devise long-range plans that promises to keep their organizations performing and successfully in the turbulent environment of market changes and imperfections. A creative thought of marketing mix requires particularly devising a mix based on long-range planning that promises to see the world ahead of five, ten or more years of strategic planning.It has become the benchmark of good management practice globaly.

Application of the market mix in communication subsector:

Marketing mix plays significant roles in the survival and growth of Communication sub sector. The concept of the mix has proved a helpful devise in teaching, business problem solving, and generally as an aid to thinking about marketing (Borden, 1965). In problem solving, the marketing mix is a constant reminder of the fact that a problem seemingly lying in one segment of the mix must be deliberated with constant thought regarding the effect of any change in that sector on the other areas of marketing operations. The necessity of integration in marketing thinking is present. There is need of

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careful study of the market forces as they might bear on problems at hand. In short, the mix chart provides an ever ready checklist as to areas into which to guide thinking when considering marketing questions or dealing with marketing problems.Thus ,**in examining market mix further,it is eminent that** studies of many scholars found that there is a factor of customers satisfaction. Products must be differentiated and product must give satisfaction to the customers. Parasuraman (1988) stated that improved product and service quality can create value for customers. These views show that differentiation and satisfaction are driven by enterprises to provide product to create value. Woodruff et al (1983) discovered that prices of the product affect customer satisfaction. To formulate a reasonable price is importan impling increase in customer satisfaction.

Methodological Issues and Related Statistics:

This section contains the component of methodology used in the study. This include the research design, sample and sampling techniques, method of data collection, and method of data analysis. The stylized facts for the research were collated from various secondary sources. Data for the study were sourced from the Nigeria Communication Commission (NCC) which is the regulatory body for all Telecommunication companies in Nigeria and the Central Bank of Nigeria (CBN), text books, Internet, CBN statistical bulletin, various publications of related agencies, electronic sources, academic journal articles. Ordinary Least Square technique was adopted in order to determine the strength of relationship between dependent and explanatory variables in the study.

Model Specification:

The survival of a company depends on the ability of the company to make profit. The profit a company makes sustains the business and enables the company to meet the day to day obligation of the cost of doing business and most importantly to make returns to shareholders. The profitability of telecommunications companies depend on the strategy adopted in the telecommunication subsector. The variables that affect the strategy include; Technology, innovation, Capacity utilization, Turnover, GDP, Market share, inflation and investment. From the forgoing, the model to be tested in this study is stated thus:

$PRT = f(TECH, PRTIN, CAPU, TNO, GDP, MRKTSH, INFL, INV)e_t$…………I

$PRT = ao + a_1LTECH + a2\ LPRTIN + a_3LCAPU + a_4LTNO + a_5LGDP + a_6LMRKSTH + a_7LINFL + a_8LINV + e_t$ ………………………………………II

Where:

PRT = Profitability

LTECH = Log of Technology

LPRTIN = Log of product innovation with respect to communication services

LCAPU = Log of Capacity Utilization

LTNO = Log of Turnover

LGDP = Log of Gross Domestic Product

LMEKTSH = Log of Market share

LINFL = Log of inflation

LINV = Log of investment

e_t = Error Term

$a_0 – a_8$ = Parameter Structure

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3. DATA COLLECTION

Table of Data for product strategy variables from year 2000 to 2019

YEARS	TECH	PRINT	CAPU (%)	TNO (SM)	GDP (BILLION NAIRA)	MRKTSH	INF(%)	INV (SM)
2000	1	160	37	N/A	206	92	7	195
2001	2	164	36	N/A	370	93	19	198
2002	3	166	40	227	370	94	13	201
2003	4	143	59	402	598	94	14	233
2004	5	140	66	1020	805	94	15	274
2005	6	139	51	1952	1200	95	18	302
2006	7	163	53	3386	1634	97	8	625
2007	8	185	59	4198	2268	98	5	1506
2008	9	206	65	6430	3151	99	12	2565
2009	10	310	62	7452	4445	100	13	4118
2010	11	240	64	8835	5955	104	14	5041
2011	12	181	63	9589	6380	101	11	5865
2012	13	362	63	11320	7267	102	12	7407
2013	14	520	63	12761	8359	115	9	8645
2014	15	820	63	13914	9589	122	8	10255
2015	16	640	63	15102	10781	143	9	11694
2016	17	80	63	15453	11480	144	16	12999
2017	18	72	63	14506	11718	144	17	14285
2018	19	264	63	17287	11599	144	12	13642
2019	20	139	63	15897	11658	144	11	13964

Source: CBN Statistical bulletin (Various years and issues)

Data Analysis Interpretation

PRT + F(TECH, PRTIN,CAPU,TNO,GDP,MRKTSH,INFL,INV)e_t

Method of Estimation = Ordinary Least Square

Dependent Variable PRT

Current Sample 2000-2019

Number of Observation 19

Mean of dep. Var. 13.7242LMhet Test = .188187(.170)

Std. dev. Of dep. Var = 2.28953 Durbin Watson = 2.13692(.234.935)

Sum of squared residuals =48.4249 Jarque-Bera test =229.878(000)

Variance of residual =1.86250 Ramsey's RESET2=.852349(365)

Std. error of regression =1.36473 F(zero slopes = 12.2497(.000)

R-square:905060 Schwarz B.I.C = 62.4327

Adjusted R-square =.811783 Log likelihood = 52.0345

Variable	Estimated Coefficient	Standard Error	t-square	P-value
LC	24.08121	5.71094	4.21683	(000)
LPRT	.64435	.258218	-.171697	(.865)
LTECH	.628694	.363010	1.71697	(.865)
LPRTIN	.639169	.302385	2.129534	(.898)

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LCAPU	.419814	.2335599	-.508551	(.615)
LTNO	-5.57325	1.27755	-2.01420	(.054)
LGDP	.546684	1.441361	2.34548	(0.411)
LMKTSH	.681459	.384020	2.00831	(0.521)
LINFL	.52448	.200121	1.98991	(0.015)
LINV	.16283	1.1182	2.01218	(0.510)

Source: Gret L. package

4. DISCUSSION OF RESULTS

From the regression result presented above, the dependent variable of profit was regressed with each of the independent variables to ascertain the statistical significance of each of the variable. Regressing profitability with technology yield a t-statistics value of 1.71697 and a p-value of 0.865, the t-statistics is slightly less than 2.0 but the p-value is large enough and shows an 86.5% chance that technology affects the profitability. Regression profitability with product innovation yield a t-statistic value of 2.129534 and a p-value of 0.898, the t-statistic is statistically significant and the p-value is large enough and shown an 89.8% chance that product innovation affects profitability Regressing profitability with capacity utilization yielded a t-square value of -0.508551 and a p-value - 0.615, though the t-statistic is not statically significant, the p-value is large enough and shows a 61.5% chance that capacity utilization affects profitability. Regressing profitability with turnover yielded a t-statistics value of -2.01420 and a p-value of 0.054, the t-statistics is statistically significant and the p-value also that turnover affects profitability.

Regression profit with independent variable of GDP yield a t-statistic value of 2.34584 and a p-value of 0.411, the t-statistic is statically significant and the p-value confirms a 41.1% chance that GDP affcets profitability. Regressing profitability with market share and also with investment respectively showed that 2.00831 and 2.01218 respectively and p-value of 0.521 and 0.510 respectively thus confirming that both market share and investment also affect profitability. Regression profitability with inflation yield at t-statistic value of 1.98991 and a p-value of 0.015 which is not statistically significant and the p-value is also low which shows that inflation does not relly affect profitability. With the model having the R-square value (0.905060) greater than the Adjusted R-square (0.811783), it confirmed that the model has a strong predicting power and is capable of predicting more for greater benefit thus ensuring profitability. Also, with the Durbi Watson value (2.13692) greater than the Adjusted R-square (0811753), it shows that there is no degree of autocorrelation as the model has a great predictive power.

5. CONCLUSIONS

From the discussion of findings above, regressing the dependent variable of profit with all the independent variables, it was confirmed that all the independent variables yielded statistically significant results and this led to the conclusion that the model yielded a respectable result that will ensure the profitability and by extension the survival of the communications subsector. From the discussion above, it is apparent that variables of product strategy affect the profitability of the telecommunication sub-sector. This study therefore advocates that for the communication subsector to survive companies in the communication subsector should invest more in research and development top be able to contionusly provide the consumers with the new and innovative product to sure continued consumer satisfaction and sustained profitability. Strategic direction of investment should be put in place to make sure that the increase in investment as a result of research and development strategically position the companies on the path of increased profitability. Investing more using the strategic direction of price, place, product, promotion and politics to ensure profitability and survival.

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