Speech on Environment

[Name]

[College]

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Slide#1 – Title Slide

Concerning the telecommunication industry, this presentation will discuss about the concept of ecology of an organizations, which composes of three main key drivers: social, economical, and political systems. This concept is somewhat similar to business analysis that focuses on external analysis such as Porter's Five Forces and PEST Analysis (Mallon, 2011; Quick MBA, 2011).

The structure of the presentation will be led by an ice-breaking slide that describes the fact that many innovation comes from nature. Then, following slides come up with detailed topic on ecology of organizations, the emerging of new organizations, the forming of new organizational population and its influential factors, organizational field and a section on fields' response to challenge. The last five slides discuss the analysis of the concept on a Saudi company.

In this presentation, the selected Saudi company is Saudi Telecom (STC). This selection is based on the analysis that the company present the real-life example of how a company responds to challenges in the market by growing themselves to be a world class company.

Slide#2 – Ecology of organizations

The concept of Ecology of organizations originates from the Charles Darwin's theory of selection theories (Hofstadter, 1945). The meaning of his theory in the ecology of organization concept is that organization that is not adaptive will be naturally selected and die out.

In addition, the Ecology of organizations describes the influence of social conditions to the pace of organization and its forms emerge, the speed it transforms, and the rate it dies out.

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There are three issues that considered influencing the ecology of an organization according to Hannan and Freeman (1989):

- Social
- Economic
- Political systems

Slide#3 – Introduction of Saudi Telecom Company

Telecommunication industry grows at face pace as the technology changes quickly and the demands for new services also rise. This also happens in Saudi Arabia where the largest telecommunication operator in the country, Saudi Telecom Company (STC), also continuously expands their products and coverage not only in home country but also abroad.

Basically, STC is Saudi Arabia-based Telecommunications Company that offers landline, mobile and Internet services. To date, the carrier has served over 142 million subscribers in 10 markets in Saudi Arabia, Middle East, Africa, and Asia. The expansion is not only in terms of coverage but also in terms of services and features. The company holds multiple licenses: 3G, 3.5G, LTE, Blackberry, IPTV, MMS, high internet speed

Slide #4 - Institutional Perspectives

Theoretically, Institutions are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life.

The sustainable and clear road map of a company's future state is determined by how far the company wants to go as stated in their mission and vision. Saudi Telecom (STC) has mission to be "leaders in a world of constant change, we strive to exceed our customers'

expectations so that, together, we reach new horizons." The mission is achieved by committing to their corporate values: Honesty, Commitment, Cooperation, Respect, Initiative, and Loyalty.

Slide#5 – Challenge of STC

Telecommunication industry is considered as capital intensive business. It means that the company requires large amount of fund to invest in frequency spectrum bidding, building infrastructure etc. This happens all the time as existing network also requires improvement as well.

As the competition gets intense, STC requires strengthening their presence by expanding its service abroad. This is to gain large number of subscribers and achieve economic of scale from massive network deployment. For this reason, STC already exists in emerging economies in Middle East, Africa, and South East Asia

Slide #6 - Creating New STC Population

According to Schoonhoven and Romenelli (2001) and Thornton (1999), new organizations are formed by existing organizations due to two main factors: romantic or family connections.

For business, the reason may not be the romantic but the close business relationship could be the reason. Following the raising satellite and submarine cable business, STC decides to spins off submarine cable and satellite business.

Slide #7 - Developing STC's Organizational Fields

The key strategy and mission to be a world class operator has driven Saudi Telecom to lead in MENA region where they acquire large portion of local telecommunication company

to expand their footprints. The figure shows STC and its subsidiaries, which imply the company's strong focus on worldwide expansion.

* Source: Tadawul Jan. 2011
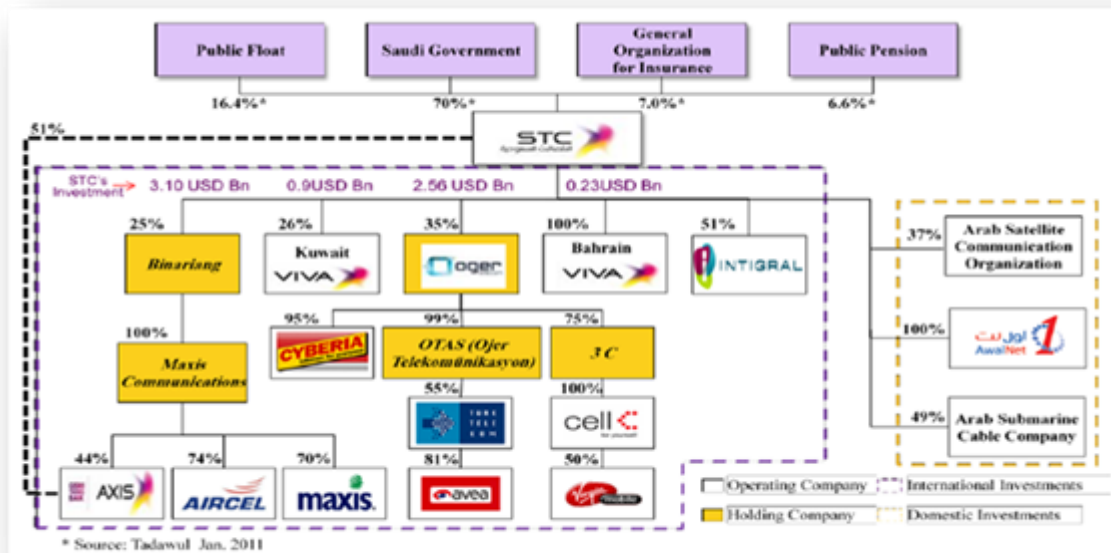
Slide#8 - Creation of new organizational population

As resource allocation or resource-based view (RBV), the use of strategy will take into account an organization's unique bundle of resources and capabilities. Furthermore, it is also associated with author and scholar Kenneth Andrews and a perspective of how to view internal analysis such as SWOT (Strengths, Weaknesses, Opportunities, and Threats) and Value Chain Analysis.

For a large company like Saudi Telecom (STC), managing resource to achieve a goal is significantly importance since the company cannot fulfill all targets in parent company and its subsidiaries at once. In strategic planning, the decision of allocation of resources reveals the plan for employing the available resources.

Imprinting

- New form of organization must comply with available resources, supporting

   structures, and knowledge

Technological change

- Joseph Schumpeter (1961) reveals that the technological development also becomes a

   key factor behind the creation of new companies and industries.

Slide#6 - Organizational Fields (1)

Organizational field refers to a concept to understand organizing process and structures. It consists of populations and supporting factors (funding, infrastructure etc) and constraints (competitive situation and regulation). Some examples of how to respond to challenges are as following:

- Organizations that posses existing field logics must also find ways to respond to

   changing logics that take the form of changes in market demands

Slide#7 – Organizational Fields (2)

Technology is not merely computers and telecommunications. In fact, it involves processes, materials, and tools that enable the work of the organization and the production of its products and services. In business realms, the use of strategy goes beyond merely using sophisticated machines to produce a product.

Concerning the field restructuration, major technological improvements can lead to the replacement of dominant organizational populations by entirely new forms (Tushman and Anderson, 1986).

Slide #9 - Technological Change as the Driver of New Organizational Population at STC

Telecommunication lures investors to invest as the industry has wide untapped markets. However, competing in this industry requires huge resources. For this reason, technology road map of STC should be determined in order to keep up with customers' demands.

In cellular services, it is found that the road map is from 2G technology to 3G/UMTS and enhanced 3G (HSDPA/HSUPA). In order to acquire this technological roadmap, STC acquires all technology and adopt it to its subsidiaries worldwide.
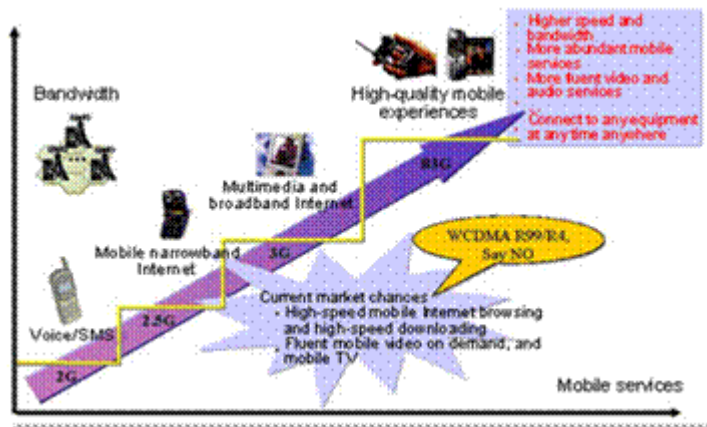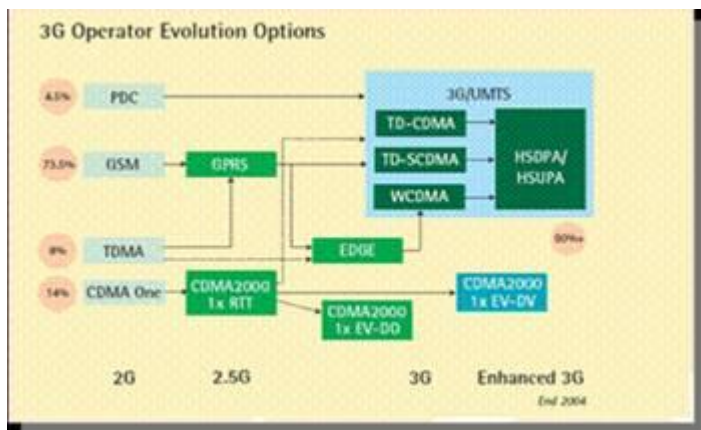
Slide #10-11 - STC responds to challenges

These slides confirm that STC's Mission is **to be leaders in a world of constant change** by expanding the service coverage and diversity of telecommunication services

worldwide. This is clearly shown in their expansion plan where currently there are 11

companies under STC.

Company	% Ownership
Arabian Internet and Communications Services LLC. (Awal Net), KSA	100%
Telecom Investment Company Ltd., KSA	100%
STC Bahrain (VIVA) – (BSCC), Kingdom of Bahrain	100%
Gulf Digital Media Holding (BSCC), Kingdom of Bahrain	51%
Kuwait Telecom Company (VIVA) (KSCC), Kuwait	26%
NTS (AXIS), Indonesia	51%
Oger Telecom Ltd., UAE	35%
Binariang GSM Holding Group, Malaysia	25%
Arab Submarine Cables Company Ltd., KSA	50%
Arab Satellite Communications Organization (Arabsat), KSA	36.66%
Call Centre Company, KSA	50%

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