STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS ON GLOBACOM LTD

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ABSTRACT

This paper is on applying SWOT analysis in the Nigerian Mobile Telecommunication Industry, which is one of the most competitive industries/markets in the world, using Globacom Limited as a case study, with a view to determining its competitive advantage. This study therefore presents a SWOT analysis from an independent observer’s view on a private organization in a very competitive industry. The data used for the analysis are secondary data. The data were collected from magazines, newspapers and the websites of the organization under study (Globacom), independent media organizations and the industry regulator - the Nigerian Communications Commission (NCC). In the analysis, some key factors were selected and the strengths, weakness, opportunities and threats of Globacom in relation to its competitors and environment were analysed. Among the findings are that Globacom is the second in terms of market share (Subscriber base). Also, having the most advanced network (technology), fast, robust and cheap excess bandwidth from Glo-1, being the financially strongest and most innovative telecom operator in Nigeria constitute its competitive advantage. Thus, some of the recommendations are that the company should continue with its network expansion towards achieving its vision of becoming the biggest and best network in Africa and that it should try to consolidate and further its success through continuous network upgrading, being innovative and always keeping abreast of relevant local and international developments.

Keyword: SWOT Analysis, network expansion, Mobile telecommunication industry

INTRODUCTION

Business environment is known to be very complex and full of challenges. This is true especially when we consider the current or today’s business environment which is characterized by rapid changes in processes, laws, technology, prices, consumer taste and so on.

Therefore, for any business to succeed, it must clearly and correctly understand its position in the industry within which it operates as well as in the business world generally. The organization should consider its relative power and influence vis-a-vis its competitors and other external factors like economic, technological, political and social influences. According to Cole (2006:28)

“understanding this external environment, or background, is crucial to strategic decision-makers, and has to be taken into account alongside any assessment of an organisation’s own internal environment”. An organization has to consider its internal resources like financial resources, available facilities, staff strength and their skills, technology employed and so on. Cole (2006:36) observes that “an important element in assessing an organisation’s overall situation is the identification of the strengths and weaknesses in its internal environment... These include organizational, cultural, financial, research and development, production, marketing and resourcing perspectives”. 

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However, a more comprehensive assessment of organization’s overall or current position can be done using SWOT analysis. This is analysis of the organization’s internal strengths and weaknesses, coupled with the opportunities and threats that the organization faces externally (Lynch, 2006:450). This will suggest firm’s position in its journey towards meeting its strategic objective. Also, SWOT analysis can be used to determine the “Competitive Advantage” of an organization (Sagagi, 2010, as cited by Abubakar, 2010).

However, conducting a SWOT analysis by an independent observer (or rather outsider of an organization or industry in terms of access to vital information) is somewhat a cumbersome task especially if the organization under study is a “Private Limited Liability Company”. This is because by their nature, such companies have high level of secrecy and the protection of “non-disclosure” of their account and other related/vital information.

Nevertheless, this paper presents the application of SWOT analysis in the Nigerian Mobile Telecommunication Industry taking a case study of Globacom Limited. The selection of Nigerian Mobile Telecommunication is deliberate because it is one of the booming industries in the country and actively very competitive. With regard to the case study, Globacom Limited, the company is selected because of its remarkable initiatives in the industry like pioneering the then controversial “per second billing” and “optic fibre cable” linkage between London and Nigeria (Lagos).

Conceptual Definition of SWOT Analysis

SWOT Analysis, which stands for Strengths, Weaknesses, Opportunities and Threats analysis, is a system or process of considering the internal and external factors affecting the performance of an organization in relation to competitor or market situation. It is also known as TOWS analysis.

Cole (2006:40) considers SWOT analysis as “the combined analysis of external and internal issues affecting the organizational performance”. Lynch (2006:450) believes that it is “an analysis of the strengths and weaknesses present internally in the organization, coupled with the Opportunities and Threats that the organization faces externally”.

SWOT analysis can also be defined as “an evaluation of an organization’s strengths and weakness in relation to environmental opportunities and threats” (coursework4you, 2009). Also, as culled from Wikipedia (2010), “SWOT analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities and Threats involved in a project or in a business venture. It involved specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieving that objective”.

We can see that these definitions of SWOT analysis have a cohesion with regard to a careful consideration (evaluation/analysis), internal factors (Strengths and Weaknesses), external factors (Opportunities and Threats) and also a strategic interest (objective or vision - though only vividly expressed in the last definition presented).

In that view, Lynch (2006, 446) asserted that “in addition, such analysis [i.e. SWOT analysis] might be supported by a consideration of such issues as vision, innovation and technology,...”. This is in agreement with what was obtained from Wikipedia (2010), that “it [SWOT analysis] involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable or unfavourable to achieving that objective”. The vision for Globacom is “to be biggest and best carrier/telecommunications network in Africa” (Wikipedia, 2010; www.gloworld.com/background.asp, 2013). This is what guided the analysis to determine from the internal and external factors, the very factors that constitute the competitive advantage of the case study company, Globacom Limited.
Patterns of SWOT Analysis

Scholars and organizations use different and various patterns to conduct a SWOT analysis based on purpose, intended scope and availability and type of data at hand.

One of such patterns is that described by Weihrich (1982) as cited in www.coursework4you.co.uk (2010). The four described combinations are as follows:

1. Maxi-maxi (S/O) - Striving to maximize organizational strengths to capitalize on new opportunities.
2. Maxi-mini (S/T) - In essence, an organization should strive to use its strengths to parry or minimize threats.
3. Mini-maxi (W/O). This combination is an exertion to conquer the organization’s weakness by making the most of any new opportunities.
4. Mini-mini (W/T). This combination shows the organization’s weaknesses by comparison with the current external threats. This is most definitely defensive strategy, to minimize an organization’s internal weaknesses and avoid external threats.

Another pattern is that of what we can call a ‘plain outline’ of the organization’s Strengths, Weaknesses, Opportunities and Threat. Example of this is the sample SWOT analysis on British Telecommunication (http://www.businessteacher.org.uk/businessresource/swo-analysis-database/british-telecom-swot-analysis/, 2010).

Furthermore, in yet another perspective or pattern, Cole (2006:40) observes that “most organizations are likely to select just a few key factors and issues relevant to them, and will then analyse them systematically in terms of strengths, weaknesses, opportunities and threats”. Here, an important and relevant factor is taken and then the strengths, weaknesses opportunities and threats evidences or sub factors are identified and analysed as per the main factors selected. This is done” to all perceived relevant factors and then be generally analysed to determine firm’s competitive advantage and or strategic option appropriate.

And for the purpose of this research, this last pattern was used and key factors considered are:

- Market share/customer base.
- Leadership/focus
- Innovation
- Differentiation
- Technology
- Service/network quality
- Network expansion
- Users/customer rating
- Financial strength

Where to Find Information for SWOT Analysis

Students when finding the essential information for conducting SWOT analysis, would have to look at:

- Company’s business reports
- Annual reviews
- Published performance data on financial resources, marketing, operations - current supplies & key stakeholders groups
- Various Journals on: Marketing, Strategy, Human resources, etc
- Other published and referenced information on the company’s past experience, its current position and future objectives (www.coursework4you.co.uk, 2009).

However, other sources of information/data from the primary source include questionnaires, interviews and observation(s) (Sulaiman, 1998).

Limitations of SWOT Analysis

The following are among the limitations of SWOT analysis:

1. Subjectivity elements - what one manager (or analyst) sees as an opportunity, another may see as a potential threat. Likewise, a
strength to one can be a weakness to another (www.coursework4you.co.uk, 2009). This tends to affect the acceptability of even a very comprehensive SWOT analysis.

2. A number of critics have claimed that the output from a SWOT analysis is often either trivial or so broad as to be relatively meaningless in the context of making actual marketing decisions. Mintzberg (1990), for example, states that the assessment of strengths and weaknesses may be unreliable, being bound up with aspirations, biases and hopes (www.coursework4you.co.uk, 2009).

3. One of the historical deficiencies of SWOT analysis was the tendency to rely on very general, categorical assessment of internal capabilities (www.coursework4you.co.uk, 2009).

4. SWOT analysis may tend to persuade an organization to compile uncritical list rather than think about what is actually important in achieving objectives. For example, weak opportunities may appear to balance strong threats (http://www.en.wikipedia.org/wiki/swot-analysis, 2010).

Industry Structure

The NCC defined two specific Telecommunication markets in Nigeria, namely:

1- Mobile Telephone Services
2- International Internet Connectivity

The mobile telephony market in Nigeria is essentially categorized into two viz.

1. GSM (Global System for Mobile Communications)
2. CDMA (Code Division Multiple Access)

The International Internet Connectivity is provided through mobile devices using both the GSM and CDMA networks. Collectively, there are nine operators in both bands, as culled from NCC’s records of 2013 (see table 1.). Thus:

<table>
<thead>
<tr>
<th>GSM</th>
<th>CDMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTN</td>
<td>Starcomms</td>
</tr>
<tr>
<td>Glo</td>
<td>Visafone</td>
</tr>
<tr>
<td>Airtel</td>
<td>Multilinks</td>
</tr>
<tr>
<td>Etisalat</td>
<td>Reltel</td>
</tr>
<tr>
<td>Mtel</td>
<td></td>
</tr>
</tbody>
</table>

Our major concern here is the GSM, being the category or band of our case study - Globacom (glo). A GSM network is made up of three subsystems (Wikipedia, 2010):

1. The Network and Switching Subsystem (NSS)
2. The Base Station Subsystem (BSS)
3. The Operations Support System (OSS)

The network simply refers to the band system of the wireless communication technology (like GSM, CDMA, WAN etc). This comprises MSC [Mobile Switching Centre] and associated registers.

The Base Station Subsystem (BSS) comprises a BSC [Base Station Controller] and several BTSes [Base Transceiver Stations].

The Operating Support System (OSS) is for monitoring and maintenance of the network.

People (Subscribers) use devices known as User Equipment (UEs) to communicate using a network. The next linkage facility between user and network is BTS, which is controlled by, a parent base station controller via the base station control function (BCF). The BCF is implemented as a discrete unit or even incorporated in TRX (Transceiver) in a compact base station. The BCF provides an operations and maintenance (O & M) connection to the network management system (NMS), and manages operational states of each
TRX, as well as software handling and alarm collection.

On its competitors, we can say Globacom Limited (glo) has nine (8) (major) competitors as follows:

- MTN
- Airtel
- Etisalat
- Mtel

GSM Networks | CDMA Networks
---|---
• MTN | • Starcomms
• Airtel | • Visafone
• Etisalat | • Multilinks
• Mtel | • Rtel

Market Share Based on Number of Active Lines

The subscriber base of the companies (operators/networks) in the mobile telecommunication industry can be obtained from different quarters ranging from media organizations, independent analysts, the operators themselves to the national regulator, the Nigeria Communications Commission (NCC). As a result, some figures tend to vary beyond or against the normal and/or reported fluctuations in the market and probably due to propaganda purposes, lack of timing (dating) the figures given and scanty explanations among others.

However, to strike a balance, the researchers present the table below, which would be used in the analysis, as extracted from the industry regulator’s (NCC’s) record:

Table 1: Extract of Quarterly Summary of Telecoms Subscribers in Nigeria (March, 2012 – December, 2012)

<table>
<thead>
<tr>
<th>OPERATORS</th>
<th>Mar-12 Q3-Q4</th>
<th>Jun-12</th>
<th>Sep-12</th>
<th>Dec-12</th>
<th>Q1-Q2</th>
<th>Q2-Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTN Nigeria</td>
<td>42,898,581 3.95</td>
<td>43,184,470</td>
<td>45,639,749</td>
<td>47,440,991</td>
<td>0.67</td>
<td>5.69</td>
</tr>
<tr>
<td>Globacom Ltd.</td>
<td>20,846,604 8.37</td>
<td>21,986,864</td>
<td>22,260,822</td>
<td>24,124,716</td>
<td>5.47</td>
<td>1.25</td>
</tr>
<tr>
<td>Celtel Nig Ltd.</td>
<td>18,600,435 9.43</td>
<td>19,820,440</td>
<td>21,101,758</td>
<td>23,092,195</td>
<td>6.56</td>
<td>6.46</td>
</tr>
<tr>
<td>M-Tel Ltd.</td>
<td>258,520 -</td>
<td>258,520</td>
<td>258,520</td>
<td>258,520</td>
<td>-</td>
<td>0.00</td>
</tr>
<tr>
<td>EMTS(Etisalat)Ltd.</td>
<td>11,927,840 3.61</td>
<td>13,063,445</td>
<td>14,392,531</td>
<td>14,912,801</td>
<td>9.52</td>
<td>10.17</td>
</tr>
<tr>
<td>Sub-Total (GSM)</td>
<td>94,531,980 5.96</td>
<td>98,313,739</td>
<td>103,653,380</td>
<td>108,829,223</td>
<td>4.00</td>
<td>5.43</td>
</tr>
</tbody>
</table>
### Methodology

The data used for this paper are secondary, which relates to facts and figures about and in relation to the case study company (Globacom Limited), its operations, products and relationship with competitors or rather its position vis-à-vis competitors and the general environment.

The data were collected from books, business magazines, newspapers and the internet – Globacom’s website and those of the industry regulator, the Nigerian Communications Commission (NCC) and many independent media organizations.

With regard to the SWOT analysis, a pattern favoured by Cole (2006), where some key factors are selected and the strengths, weaknesses, opportunities and threats or their evidences in relation to the organization are identified and analysed, was adopted.

The SWOT analysis on Globacom Limited (glo) vis-à-vis its competitors and environment is presented as follows:

### Conclusion and Recommendations

So far, we have seen that SWOT analysis is a systematic process of determining the position of an organization by selecting some relevant key factors and issues and then considering the Strengths, Weaknesses, Opportunities and Threats in relation to that organization and its competitors and/or the general environment.

However, despite its strategies relevance, its major limitation is its inherent subjectivity elements. Thus, what one manager or analyst sees as an opportunity, another may see as a potential threat.

Nevertheless, this study applied SWOT analysis in the Nigerian Mobile Telecommunication Industry using Globacom Limited as a case study with the major objective of determining the competitive advantage of the studied organization.

In Telecommunication Industry of Nigeria and Africa in general, Globacom Limited, otherwise known as “glo”, is one of the prominent companies in everyday discussion and analysis. As shown by our analysis, glo has some Strengths, Weaknesses, Opportunities and Threats. In terms of market share (number of active subscribers), glo’s position is that it has the second largest share, a position taken away from Airtel.

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**Table:**

<table>
<thead>
<tr>
<th>Company</th>
<th>Shares</th>
<th>Active Subscribers</th>
<th>Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starcomms Limited</td>
<td>725,871</td>
<td>475,841</td>
<td>21.73</td>
</tr>
<tr>
<td>Visafone Limited</td>
<td>2,495,790</td>
<td>2,428,011</td>
<td>2.49</td>
</tr>
<tr>
<td>Multilinks Telkom</td>
<td>680,960</td>
<td>526,426</td>
<td>35.88</td>
</tr>
<tr>
<td>Reliance Tel.(Reltel)</td>
<td>111,077</td>
<td>111,077</td>
<td>-</td>
</tr>
<tr>
<td>Sub-Total (CDMA Mobile)</td>
<td>4,013,698</td>
<td>3,541,355</td>
<td>8.98</td>
</tr>
</tbody>
</table>

### Conclusion and Recommendations

So far, we have seen that SWOT analysis is a systematic process of determining the position of an organization by selecting some relevant key factors and issues and then considering the Strengths, Weaknesses, Opportunities and Threats in relation to that organization and its competitors and/or the general environment.

However, despite its strategies relevance, its major limitation is its inherent subjectivity elements. Thus, what one manager or analyst sees as an opportunity, another may see as a potential threat.

Nevertheless, this study applied SWOT analysis in the Nigerian Mobile Telecommunication Industry using Globacom Limited as a case study with the major objective of determining the competitive advantage of the studied organization.
Furthermore, it is also believed that glo has the most advanced network in Nigeria and is the financially strongest as evidently confirmed by glo’s advanced technology and its recently completed $800 million (₦120 billion) 9,800 km long fibre-optic cable (Glo-1) connection from London to Lagos, as well as its lower tariffs. Globacom Limited (glo) is also the most creative telecommunication company considering the numerous services it pioneered for the first time in Nigeria and the numerous national and international awards the company won for innovation and excellence (outstanding goodwill). These constitute the competitive advantage of Globacom Limited (glo) which by extension means that the company is evidently on its way to achieving its strategic objective (or vision) of becoming the biggest and best telecommunications network in Africa.

However, despite Globacom’s competitive advantage, there is need for some adjustments and more improvement so as to consolidate and further the success of the organization.

Based on the findings of this study, the researchers present the following recommendations:

1. Globacom (henceforth referred to as “the company”) should ensure a justified steady growth by making more valuable projects that create more customers than just profit. This can be through the introduction of more and more customer oriented services that will add value to the customers/subscribers as well as the company.

2. The management of the company should continue to put more efforts in keeping a well-motivated work force that constitutes the impetus of the company’s creativity.

3. The management should expand the staff composition of the company to counter the problems of communication barrier in customer care services in some areas and the possible accusations of marginalization. Should any accusation be proved as mere prejudice, a campaign for a favourable attitude should be formulated.

4. The company should start a mass awareness campaign and related programmes to counter the earlier conceived beliefs that glo’s charges are high and arbitrary. Tariffs, terms and operation of the company’s products and services should be clearly explained on a routine basis especially on a widely broadcasted or segmented/localized radio programmes.

5. The company should continue expanding its network to other African countries for more market and progress towards achieving its vision of becoming the biggest and best network in Africa.

6. The company should devise effective means of penetrating countries dominated by MTN, Etisalat and Airtel (eg Egypt, Morocco, Ghana and South Africa), which may include lower tariffs, better connectivity, wider range of services, new products/services, incentives and other motivations. The company should also monitor and plan counter strategies and techniques against those of its competitors especially Etisalat for its aggressive marketing techniques and strategies, as well as the now rising again Airtel.

7. The management should ensure proper utilization of the well celebrated Glo-optic-fibre connection and fulfill the promises of better connectivity and low rates/charges as this will boost the company’s good will and profitability.
References


15. http://leadership.ng/nga/articles/50392/2013/19/glowitness/telecomscompanyyearaward.html (on Globacom’s Comment to NCC), (Retrieved on 25th April, 2010)


