Strategic Processes and Turning Points in ICT Business: Case Nokia

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ABSTRACT

Nokia is one of the pioneering companies in ICT, especially in the mobile phone business. Nokia has 30 years experience in mobile phones. This research explores the strategic turning points of this history, providing applicable findings for other mobile phone companies and the needs of information communication technology (ICT) in general. This article shows that strategic turning points in this case follow technical turning points in the systems and platforms of mobile phones. Furthermore, the article considers and analyses the specific features of turbulence in the business and industry of mobile phones.

Keywords: Globalization, Information Communication Technology (ICT), Mobile Phones, Strategy, Telecommunications

1. INTRODUCTION

Information communication technology (ICT) business is a significant part of the global economy. The telecommunication revenue as a percentage of GDP in OECD countries was 3% in 2007 (OECD Communication Outlook, 2007). However, the importance of the technical progress of ICT over the globalization and business and consumption practices in global economy is substantially higher. Therefore, because ICT sector is a significant part of Global economy, changes in this business cuts a dash. This research is focused on the branch of telecommunication and especially on one significant company in this business: Nokia. Nokia is a topical research object because of its strategic moves: especially started collaboration with Microsoft and change of executive director are noteworthy recent strategic events in Nokia. Furthermore, relatively long history of Nokia in ICT business provides good base for long-term strategic analysis.

Besides strategic moves of Nokia, this study emphasizes other turning points of the technology in mobile phone business. The long-term strategic process of Nokia is not unique: there are several dramatic strategic turns among the other companies in the ICT business. However, Nokia provides a good example about the turbulent business and business environment of ICT branch.

This study is organized as follows: after introduction part is short description about the methodology of this research. Section 3 is focused on the meanings of strategy and

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strategic perspectives in this research. After that is described the history of Nokia and more generally the development the whole mobile phone branch. In Section 5 we have the strategic analysis over the turning points of Nokia. Finally is conclusion which includes also some analyses about the contemporary markets of mobile phones and needs for further research.

2. METHODOLOGY IN THIS RESEARCH

This study is based on case study research strategy in which the case is the strategic processes of Nokia. Social sciences have various definitions for case study research. Typically, case study research is not tied to any particular method. It enables several alternative methods to use - both qualitative and quantitative (e.g., Eriksson & Kovalainen, 2008; Yin, 2002). Therefore, case study research could be considered more like a research strategy (Laine et al., 2007; Yin, 2002) without any exclusionary tight definitions about the methods suitable or unsuitable for the category of “case study research”.

Most of the case studies have some of these following features (Laine et al., 2007, p. 10; Yin, 2002):

1) Holistic and meaningful characteristics of real life events or cases
2) Organizational and managerial processes
3) The use of several materials and methods
4) The exploitation of previous researches
5) The dimness of the case and context.

This research has most of these features: it considers strategic processes of Nokia, which are “real life events”. It is focused on processes by using several materials, such as annual reports, articles and other scientific or practical materials. In addition to case study strategy, this study is based on the explanatory content analysis, which is typical method in analysing the annual reports of the companies (e.g., Carduff, 2010). Furthermore, because of the relatively long research period, 40 years, this study is has also features of path-dependence analysis (Lamberg et al., 2006).

3. THE MEANINGS OF STRATEGY AND STRATEGIC PERSPECTIVES IN THIS RESEARCH

This research is focused on to study strategic processes of Nokia. For this reason, it is important to define the concepts and meaning of strategy. This study understands the concept of strategy in a multifaceted way by following, e.g., the perspectives of Mintzberg et al. (1998). They found 10 strategic schools: design school, planning school, positioning school, entrepreneurial school, cognitive school, learning school, power school, cultured school, environmental school and configuration school. They defined term “strategy” by following five Ps for strategy: Plan (intended strategy), Pattern (realized strategy), Position and Ploy (specific maneuver against competitor) (Mintzberg et al., 1998, pp. 9-15).

However, the most important perspectives of strategy for the analysis in this study are intended strategy, emergent strategy, deliberate strategy, and realized strategy. Furthermore, configuration school, which has combining elements of all other nine strategic schools, contains two interesting phases: configuration (steady state) periods and transformation periods. During configuration periods it is possible to carefully plan the strategies of the organization and during transformation periods the organization is following some kinds of re-engineering processes.

In addition to frameworks introduced by Mintzberg et al. (1998), this study emphasizes two other discussions: strategy as practice and different forms of collaborative strategies. Actually, strategy as practice perspective is near the ideas of emergent strategy by Mintzberg et al. (1998). Namely, strategy as practice framework is based on the idea that operational actions of organization are important part of the strategy-making. Therefore, the everyday practices and doings in the organization generate the whole
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