

17<sup>th</sup> Biennial Conference of the International Telecommunications Society  
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Final Abstract

### #66 - Corporate Strategic Actions and Performance among RBOCs (1984-2004)

I investigate how firms utilize their corporate strategic portfolios, defined as bundles of four key corporate strategic actions, related to deregulatory and technological changes and to performance. Environmental changes are expected to trigger firms to take on different levels of frequency and variety in their strategic action portfolios (Miller & Chen, 1996). I hypothesize that frequency and variety of firms' strategic action portfolios increase when environmental changes take place in the marketplace. I also hypothesize that the nature of firm's strategic action portfolios will differ depending on whether the changes are deregulatory or technological. Due to the lengthy deregulatory process (Kim & Prescott, 2005), incumbents will be better equipped with appropriating their strategic action portfolios in adapting to regulatory changes. On the other hand, in the event of technological changes, it is relatively hard for incumbents to predict which strategic actions would be appropriate. Therefore, they have a tendency to be reactive in adapting to technological changes. After establishing the relationship between environmental changes and firms' strategic action portfolios, this study advances to how firms' strategic action portfolios influence performance. All else being equal, firms with steady level of frequency on strategic action portfolios are hypothesized to perform better. We may conclude that firms adapt their strategic actions in response to environmental changes, and successful firms proactively adapt and frequently redefine their strategic actions in order to maintain their environmental alignment (Venkatraman & Prescott, 1990).

The empirical setting in this study is the US telecom industry for the 20-year period between 1984 and 2004. During the last 20 years, the US telecom industry has experienced major environmental changes driven by a series of deregulatory events and the introduction of new telecom services. To name a few: AT&T was divested in 1984; in 1996, the Telecom Act was revised; wireless and Internet services became more popular with fast-growing number of subscribers. Also, convergence between telecom and broadcasting services made the industry boundaries more ambiguous and complex. In response to these changes, telecom service providers have taken various strategic actions. Strategic actions such as M&As have been frequently observed and reported in the media. It has been debated when and how often firms prefer one type of strategic actions, such as M&A, to others, such as strategic alliance, divestiture and internal development. While there have been some efforts to discuss experience spillovers (Zollo & Reuer, 2001) across corporate development activities, it should be worthwhile to look at the relationship between the combinative capabilities (Kogut & Zander, 1992) of firm's corporate strategic actions, viewed as strategic action portfolios, and the firm's survival and financial performance heterogeneity. In this study, two properties of strategic action portfolios - frequency and variety – will be investigated in detail.

Presentation material (PowerPoint file) will be provided at the session.