



Chapter IX

AVEA: A Merger of Two Large GSM Operators in the Turkish Telecommunications Sector

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Abstract

During the past 10 years, emerging factors such as globalization, rapid technological developments, and limited resources have created a new competitive landscape for firms. These developments forced companies to adopt several strategies to survive and excel. One of these adaptive strategies was to form alliances between companies to manage both threats and opportunities in this changed business environment. This study focuses on the merger between two GSM operators in Turkey. The newly established firm, AVEA, is an example of a successful merger in the Turkish telecommunications sector that was well thought-out, efficiently designed, and realized within a year. The most important ingredient in this process was the change in information technology (IT) infrastructures. This study,

primarily concerned with the structural changes in the IT department, presents a detailed analysis of the merger process's different aspects and comments based on literature review about information and communication technologies.

Introduction

The business world today has been witnessing a greater pace and more intense competition, due to various environmental changes that force organizations to react more rapidly and flexibly. The most pervasive of these changes include globalized markets, larger investment needs, and accelerated technological developments. Developments in the technological arena especially put organizations under pressure to work on matching strategies that help them to sustain their long-run existence in an environment of technological convergence.

Strategic management is concerned with the effective and efficient use of organizational resources (raw materials, human resources (HR), capital, infrastructure, etc.) to maintain an organization's viability and existence in the long run and to provide it with sustainable competitive advantage and above-average returns (Ülgen & Mirze, 2004). Strategic management thus gains greater importance for organizations that compete in high-technology industries (e.g., IT, telecommunications, etc.) in an environment that can be characterized as fluid and unpredictable. Forming strategic alliances through licensing, joint ventures, and equity investments as well as engaging in mergers and acquisitions may constitute ways for companies to deal with this uncertainty, since such strategies might help them gain competitive powers through synergy creation and resource sharing. Thus, organizations may enhance their viability and survival in the changing environment.

In this chapter, a case study of the AVEA merger by two large GSM operators in the Turkish telecommunications sector is presented, first through a brief theoretical background description of high-technology industries, and then through the importance of strategic alliances and mergers within the telecommunications industry. We will then focus on some background information about the new entity, its principal shareholders, and on the Turkish GSM sector in general. These will be followed by the analysis of the merger process with special emphasis on IT, products, and HR. The study will end with concluding comments regarding the present position of the new entity in the market, the telecommunications sector in Turkey in general, and recommendations for further research.

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