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OPTIMIZATION OF THE PROFIT OF "T-MOBILE MACEDONIA" AND ITS INFLUENCE ON THE SOCIETY

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Abstract: *Globalization in the economic area, market liberalization, the elimination of all obstacles (institutional and legal) for the entry of new market players and increased competition nowadays constitute the basic features and framework in which the world companies operate. This globalization and liberalization with intensified competition are especially present in the electronic communications sector. The rapid development of new technologies that offer various new services, as well as quality improvement of the existing services, lead to fierce competition between companies in the electronic communications sector and fight for every new user. For purposes of successful existence of such liberalized and open market with serious competition, companies in the electronic communications sector must be managed by expert and competent professionals, who will continuously specialize and improve their management and leadership skills. This is necessary so that companies in the electronic communications sector can persevere in the market, improve their market shares, generate higher profits and, at the end of the year, distribute higher dividends to their shareholders. Management teams of companies in the electronic communications sector are to provide a successful answer to all the forthcoming challenges.*

Key words: *globalization / market liberalization / electronic communications / profit*

INTRODUCTION

The purpose of this article is to show that certain problems and difficulties which have occurred in the course of the period 2001-2008 in the Republic of Macedo-

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nia and which were related to this privatization and market liberalization, were actually a result of the policy of the Government in the past period and were of a subjective nature. In the text below, all this is supported with facts and data from the Republic of Macedonia, and the situation in the Republic of Macedonia is elaborated in details in the research covered by this article.

Specifically, it shows that the process of liberalization has a positive influence on the companies. Actually, in 2001, T-Mobile AD was the only mobile operator in the market and accordingly had a 100% market share, high prices of services and profit after tax in 2001 of EUR 45 million. In 2007, in the mobile telephony market there were two more operators, and the market share of T-Mobile AD was 62% with profit after tax for 2007 of EUR 58 million whereas in 2008 in the mobile telephony market there were two more operators as well, and the market share of T-Mobile AD was 58.5%, with profit after tax for 2008 of EUR 63 million. It shows that despite the liberalization on the market and the entry of two new operators and the loss of 38% in 2007, i.e. 41.5% of the market in 2008, T-Mobile AD generated increased profit in spite of multiple decreases of service prices. That is achieved with the increase of the volume of generated traffic and of course, good company management.

The daily development of new technologies in the sphere of electronic communications which is a result of fierce competition requires a constant and continuous improvement of managers leading companies in the electronic communications sector. This situation could be described with the Eric Hooper's statement:

„In a time of drastic change it is the learners who inherit the future. The learned usually find themselves equipped to live in a world that no longer exists.“³

In conditions of a non-liberalized or a partially liberalized market, the companies' management and the managing thereof are based on market exclusivity, i.e. so called monopolistic behaviour. Such position of the companies at the market results in a slow decision-making by the management team, lack of motivation for continuous improvement of the managers' skills and low interest for improvement of the employees' skills, low or no care for service users and low service quality for the end users and lack of care for stakeholders.

The situation with management of companies in conditions of a liberalized market is completely different. Managers of companies constantly improve their skills and the skills of other employees in the company, implement human resources management procedures, apply the latest scientific and professional corporate manage-

³ <http://www.google.com/search?hl=en&rlz=cn&q=%E2%80%9E>

ment methods in the operation, implement public procurement procedures, take serious care of customers, community and stakeholders. As a result of such commitment of the company's management, in conditions of a liberalized electronic communications market and despite the fact that many companies exist and operate in the market, profit of companies in the electronic communications sector generally increases year over year.

The scientific justification of the research is directly related to the actual situations of the electronic communications market in the Republic of Macedonia and the enormously fast technological development of this sector in the everyday offers of new services to the end users.

If the process of liberalization of the electronic communications market is implemented in accordance with the legally defined conditions and in a healthy regulatory environment then the process of liberalization has a positive influence on several economic and social parameters.

Statistical analysis of the data with application of the linear regression method with one independent variable (profit before tax and total income by quarters) for T-Mobile Macedonia in the period 2004-2008.

The argumentation of this article has been made with a regression analysis of the statistical data from the financial operation of T-Mobile. The article includes a statistical analysis with a linear regression method with one independent variable. For one regression model to be valid, it is necessary to check whether the residuals have a serial correlation. One of the methods for examining a serial correlation of adjacent members of the residuals is the Durbin-Watson statistics. This method is used for the majority of applications of the statistical data analysis.

The Durbin-Watson statistics is a test for a serial correlation of first degree. Formally, this statistics performs a statistic measurement of the linear relation of the adjacent residuals from the regression model. The Durbin-Watson is a test of the hypothesis $\rho = 0$ for the equation:

$$\hat{y} = -12810,061 + 0.686 x_1$$

The Durbin-Watson statistics is around the value 2, i.e. the Durbin-Watson statistics = 2,065, which means that there is no serial correlation of the model's residuals and also the sum of the residuals equals zero. The parameter $R^2(\text{adj}) = 0,751$ which signifies good following of the model which is expectable in terms of the high level of correlation of both series. The high value of the F statistics which is in the

amount of 58.319 leads to a conclusion that the model explains a large part of the movement of the examined series.

Table 1 Durbin-Watson statistics

Regression with interceptors				
	Values	Standard deviation		t- relation
b_0	-12810,061	3449,08		7,64
b_1	0,686	0,09		-3,71
$s = 2152,122$	$R^2 = 0,764$	$R^2(\text{adj}) = 0,751$		
Analysis of variance				
Source	Ct. ca.	Sum K.	Average K	F
Regression	1	270113576,06	270113576,06	58,319
Error	18	83369329,74	4631629,43	
Total	19	353482905,80		
Darbin Votson statistics = 2,065				
Goldfeld-Kvand statistics = 2,265				

Source: Author's calculation

Table 2. Profit before tax and profit before tax according to the quarterly model for T-Mobile

Periods/ Quarters (Coefficient of correlation 0.87415611)	Profit before taxation (in 000 euro)	Total revenues by quarters (in 000 euro)	Ur - Profit before taxation according to the model (in 000 euro)	Residuals
2004/Q1	7478	28545	6779,615	698,385
2004/Q2	8842	32500	9493,827	-651,827
2004/Q3	11211	37500	12925,195	-1714,195
2004/Q4	6804	34500	10866,374	-4062,374
2005/Q1	9330	30000	7778,143	1551,857
2005/Q2	11805	32499	9493,141	2311,859
2005/Q3	12102	37500	12925,195	-823,195
2005/Q4	10722	35499	11551,961	-829,961
2006/Q1	9902	32573	9543,925	358,075
2006/Q2	9459	35368	11462,06	-2003,06
2006/Q3	19999	40845	15220,779	4778,221
2006/Q4	14729	38783	13805,684	923,316

Periods/ Quarters (Coefficient of correlation 0.87415611)	Profit before taxation (in 000 euro)	Total revenues by quarters (in 000 euro)	Ur - Profit before taxation according to the model (in 000 euro)	Residuals
2007/Q1	13427	36681	12363,137	1063,863
2007/Q2	16446	41497	15668,23	777,77
2007/Q3	20167	47059	19485,283	681,717
2007/Q4	12803	43944	17347,541	-4544,541
2008/Q1	14319	39583	14354,702	-35,702
2008/Q2	20142	45455	18384,5	1757,5
2008/Q3	19724	47256	19620,479	103,521
2008/Q4	16027	42517	16368,229	-341,229

Source: Author's calculation

Figure 1. Distribution of the residuals

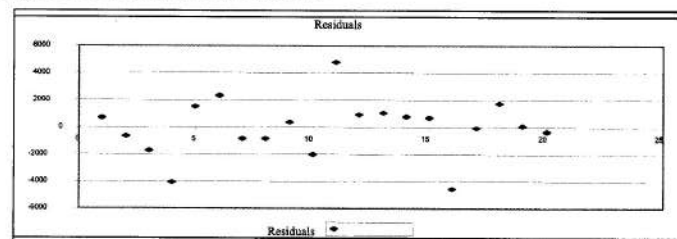
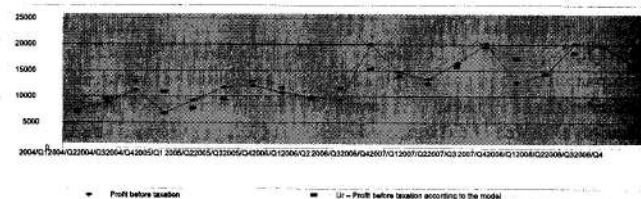


Figure 2. Ratio between profit before tax and profit before tax according to the quarterly model for T-Mobile



The data and results given above show that the process of liberalization of the market of electronic communications, when implemented in accordance with the legally defined conditions and in a healthy regulatory environment, has a positive influence on several economic and social parameters, such as:

- The increase of investments in the electronic communications sector
- The increase of investments in the other sectors
- Increased growth of economy. The previously mentioned positive influence on the efficiency of the other sectors which depend on the electronic communications, which in the end results in the increased growth of economy
- Increase of employment rates
- Increase of salaries of employees in the electronic communications sector
- Increase in the level of professionalism and education of managers

The new market conditions also necessitate constant perfection and adjustment of managers to the new market conditions. Accordingly, the development of both, the mobile and the fixed telephony market, through the prism of liberalization and competition, has a positive effect, above all for employees in this sector, but certainly influences the increased market consumption as well. It is indirectly reflected upon the increase in production and services in other areas, i.e. it has a beneficial influence on the overall growth of economy.

All the above mentioned leads to a conclusion that market liberalization has a positive influence on the management of companies, employees, the end users who receive cheaper, higher quality and more versatile services, and finally, but most important of all, in the majority of cases, it increases the profit of companies.

CONCLUSIONS

The results of liberalization of the electronic communications market are more than obvious.

A serious contribution to the development of science is the fact that this article proved that the process of liberalization of the electronic communications market, if accompanied by good company management, results in the increase of earnings/profit thereof. In other words, the general conclusion is that when the process of liberalization is implemented in accordance with the legally defined conditions and in a healthy regulatory environment, it has a positive influence on the development of companies from the electronic communications sector, which in the future can be applied in other economic sectors as well. Also the process of liberalization has a positive influence on several economic and social parameters.

OPTIMIZACIJA PROFITA T-MOBILE MAKEDONIJA I UTICAJ NA ZAJEDNICU

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Sažetak: Globalizacija u ekonomskoj sferi, liberalizacija tržišta, odstranjivanje svih prepreka (institucionalnih i pravnih) za ulazak novih učesnika na tržišta, i povećana konkurencija – danas su osnovna karakteristika i okvir u kojem djeluju i funkcionišu kompanije u svetu. Ovo stanje globalizacije i liberalizacije, uz zaoštrenu konkurenciju, posebno je prisutno u sektoru elektronskih komunikacija. Rapidni razvoj novih tehnologija koje omogućuju ponudu najrazličitijih novih, ali i poboljšanje kvaliteta sadašnjih usluga, dovodi do žestoke konkurencije između kompanija u sektoru elektronskih komunikacija i do borbe za svakog novog korisnika. U cilju uspešnog opstanka na ovako liberalizovanom i otvorenom tržištu uz ozbiljnu konkurenciju, telekomunikacijske kompanije moraju biti rukovodene od stručnih i kompetentnih „profesionalaca“ koji će se kontinuirano usavršavati i poboljšavati svoje veštine rukovođenja i upravljanja. Ovo je neophodno da bi kompanije sektora elektronskih komunikacija mogle opstati na tržištu, da bi poboljšale svoje udele na tržištu, da bi ostvarili veći profit i da bi na kraju godine svojim akcionarima obezbede veću dividendu. Uspešan odgovor na sve gorenavedene izazove treba da daju menadžerski timovi telekomunikacijskih kompanija.

Ključne reči: globalizacija / liberalizacija tržišta / elektronske komunikacije / profit

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