THE EFFECT OF COMPETITIVE STRATEGIC ON ORGANIZATIONAL PERFORMANCE IN TELECOMMUNICATION COMPANIES IN MOGADISHU SOMALIA

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ABSTRACT
This study aimed to figure of competitive strategy on organizational performance of telecommunication companies in Mogadishu-Somalia. The first objective was the impact of cost leadership strategy on organizational performance of telecommunication companies in Mogadishu-Somalia. The second objective was the impact of differentiation strategy on organizational performance of telecommunication companies in Mogadishu-Somalia. The third objective was the impact of focus on strategy on organizational performance of telecommunication companies in Mogadishu-Somalia. The target population was 100 and the sample size was 60 respondents. The study used descriptive method and 20 questionnaires were distributed. Descriptive and correlation analysis was used. The study found that cost leadership strategy, differentiation strategy and focus on strategy have significant positive relationships on organizational performance of telecommunication companies in Mogadishu-Somalia. Finally, the researcher found that the competitive strategy has significant positive relationships on organizational performance of telecommunication companies in Mogadishu-Somalia.

INTRODUCTION
In today’s competitive business environment, organizations must map out their plans on how to sustain their business performance, their competitive advantage and increase their probability (Thompson, Strickland, & J.E., 2007) that the main objective of any strategy in an organization is to improve its financial performance, strengthen its competitive position and to outdo its rivals. To obtain effective firm performance within the scope of sustainable competitive advantage, decisions on shaping firms” competitive strategies was be one of the main issues for organizations. This is because the formulation and implementation of competitive business strategies that will improve performance are one of the competent methods to achieve firm’s sustainable competitive advantage, therefore the effect of competitive strategies on firm performance is a major issue to policy makers and has been playing important role to refine firm performance for a long time (Porter, M., 2008).

The telecommunication industry is growing and is becoming intensely competitive. As such, every organization needs to adopt strategies which will enable it to have a competitive edge over the other players in the market. As competition intensifies, many businesses continue to seek profitable ways in which to differentiate themselves from competitors (Porter, M., 2008). Strategies concern the purpose and objectives of the organization. They are the things that organizations do, the paths they follow and the decisions they take in order to reach certain points or level of success. Influences such as economic restructuring, intensified competition, government regulations, and technological advances have resulted in heightened environmental turbulence and uncertainty for small business firms(Covin, J., D.P; Slevin, 2010).

A competitive strategy, from a business level perspective, is the achievement of competitive advantage by a business unit in its particular market. According to (Ansoff, H.I.; McDonnell, E., 1990) competitive strategy is a distinctive approach which a firm uses or intends to use to succeed in the market. Competitive strategies as more skill-based and involving strategic thinking, innovation, execution, critical thinking, positioning and the art of warfare. Competitive strategy specifies the distinctive approach
which the firm intends to use in order to succeed in each of the strategic business units. Competitive strategy gives a company an advantage over its rivals in attracting customers and defending against competitive forces. Competitive strategy consequently aims to establish a profitable and sustainable position against the forces that determine industry competition (Porter, M., 2008).

Competitive strategy refers to deliberately choosing different set of activities that form the basis of competitive advantage to deliver a unique mix of value. It is a long-term action plan that is defused to help a company gain a competitive advantage over its rivals. Competitive strategy is about being different from others in the industry which means deliberately choosing a different set of activities to deliver a unique mix of value. A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson A; Strickland A.J., 2007).

In Somalia Six main companies provide telecommunication services in the country. These include Hormuud Telecom, Telecom Somalia, Telesom, and Golis Telecom. They provide a range of products and services which include Land-line, GSM, roaming services, top-up services, data messaging, MMT, voice services, and security services, 4.5G, GPRS and much more. These services are all geared towards growth and competition. They use a lot of strategies to gain sustained competitive advantage (Jama. A. M., 2018)

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The telecommunications business in Somalia, as many other countries in the world (Daniel, 2007) has in the recent past been among the most competitive industry of the economy. The telecommunication company offers a variety of services which include Mobile service (GSM), landlines and mobile linked internet services.

Studies done on competitive strategies are noted to have given attention to contexts other than Somalia and in particular the mobile telecommunications business. For example, a study by Murage (2011) focused on the competitive strategies in the petroleum industry, a study by Gathoga (2001) focused on competitive strategies by commercial banks in Kenya and Karanja (2002) studied competitive strategies within the real estate firms in the perspective of Porter’s generic model, but there is no previous competitive strategies study conducted in telecommunication industry in Somalia. This paper examines the relationship between competitive strategies and organizational performance among firms in the mobile telecommunications industry in Somalia. Specifically the study set out to identify the competitive strategies adopted by firms in the mobile telecommunication industry in Somalia and thereafter examine the relationship between these strategies and firm performance in this industry.

**LITERATURE REVIEW**

Cost Leadership Strategy on organizational performance Cost Leadership Strategy is defined as the capacity of an entity to produce products that will be at a lower cost compared to different competitors. Organizations can produce great quality products and offer them at a lower cost consequently give them an upper hand over their competitors. Lower expenses will pull in clients consequently result in higher benefits. As per this is ascribed to ease work, material and give the firm a low manufacturing cost (Porter, M. E., 1985).

Cost Leadership Strategy-In cost leadership, a company sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may
include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. If a company can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average. Simply being the lowest-cost producers is not good enough, as company leave itself wide open to attack by other low-cost producers who may undercut its prices and therefore block its attempts to increase market share. Therefore, companies need to be confident that they can achieve and maintain the number one position before choosing the cost leadership route. Companies that are successful in achieving cost leadership usually have (Porter, M. E., 1985):

In cost leadership strategy, a firm targets to become the low cost producer in the industry in order to gain competitive advantage (Davidson, S., 2008). A firm is considered to be a low-cost producer if it sells its products at average industry prices but earns a profit higher than its competitors, or may sell at a price below average to gain significant market share (Porter, M., 2008). The sources of cost advantage rest on the structure of the industry. These can be achieved economies of scale, advanced technology, preferential access to raw materials among others. In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low cost manufacturing, and the core competencies (Malburg, C., 2007).

Differentiation Strategy on organizational performance Differentiation strategy requires the development of goods or unique services from unmatched by relying on customer loyalty to the brand. A company can be offered higher quality, performance or unique features that each of them can justify the higher prices. The value added by the uniqueness of the product may allow the firm to charge a premium price for it (Kiechel, W., 2010).

Differentiation involves making products or services different from and more attractive those of competitors. How company does this depends on the exact nature of industry and of the products and services themselves, but will typically involve features, functionality, durability, support and also brand image that customers value. To make a success of a differentiation strategy, organizations need (Porter, M. E., 1985):

focus on Strategy on organizational performance Organizational performance is defined as outcome of the combination of the strategies and capabilities and their deployment to achieve specific goals. Deployment and implement of the firms’ strategy and capability and measuring their outcome depends on the industry where a firms operates. Typically, firms gauge organizational performance using financial and non-financial outcomes related to certain aspects of the quality and operations they employ (Lee, D., Rho, B. H., & Yoon, S. N., 2015).

The focuser’s basis for competitive advantage is either lower costs than competitors serving that market segment or an ability to offer niche members something different from competitors. Focusing is based on selecting a market niche where buyers have distinctive preferences. The niche is defined by geographical uniqueness, specialized requirements in using the product or by special attributes that appeal to members, (Stone, 1995). A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly. Because of their narrow market focus, firms pursuing a focus strategy have lower volumes and therefore less bargaining power with their suppliers. However, firms pursuing a differentiation-focus strategy may be able to pass higher costs on to customers since close substitute products do not exist. Firms that succeed in a focus strategy are able to tailor abroad range of product development strength to relatively narrow market segment that they know very well (Grant, 2012). The study finding of Odunayo, 2018 corroborates with the views that a firm is able to serve its narrow strategic target more effectively or efficiently than competitors who are competing more broadly. As a result the firm achieves either differentiation from better meeting the needs of the particular target market or lower costs in serving this market or even both (Porter, M., 2008).

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Companies that use focus strategies concentrate on particular niche markets and, by understanding the dynamics of that market and the unique needs of customers within it, develop uniquely low-cost or well-specified products for the market. Because they serve customers in their market uniquely well, they tend to build strong brand loyalty amongst their customers. This makes their particular market segment less attractive to competitors. As with broad market strategies, it is still essential to decide whether company will pursue cost leadership or differentiation once company has selected a focus strategy as its main approach: Focus is not normally enough on its own. But whether company use cost focus or differentiation focus, the key to making a success of a generic focus strategy is to ensure that company is adding something extra as a result of serving only that market niche. It's simply not enough to focus on only one market segment because company is too small to serve a broader market (Porter, M. E., 1985).

Organizational Performance is the end result of the organization’s activities; it includes the actual outcomes of the strategic management process. The practice of strategic management is justified in terms of its ability to improve the organization’s performance Wheelen (2010). Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives) Hunger (2010). According to Bae (2012) profitability is the ability of a business to earn a profit. It is the primary goal of all business ventures and increases organizational performance. Without profitability the business will not survive in the long run. So measuring current and past profitability and projecting future profitability is very important. Sales are an important factor in determining profitability.

According to Dominici (2010) customer satisfaction is a psychological concept that involves the feelings of well-being and pleasure resulting from gaining what a person hopes for and expects from a product and /or service. It is the customer’s fulfillment response to consumption experience, a highly personal assessment that is greatly affected by customer expectations and experience and is linked to both the personal interaction with the service provider and the outcome experienced by the service users. According to Cheng (2013) operational efficiency is the capability of an organization to deliver products or services to its customers in the most cost-effective manner possible while still ensuring the high quality of its products, service and support. It is often achieved by streamlining a company's core processes in order to more effectively respond to continually changing market forces in a cost-effective manner and increases organizational performance.

**EMPIRICAL LITERATURE REVIEW**

(Abdullah, H. H., Mohamed, Z. A., Othman, R., & Uli, J., 2009) did an investigation about the effect of sourcing techniques on the organization between focused strategy and organizational performance where they inspected vital types that were related with particular sourcing procedures. The result of the examination demonstrated that organisation action plan is intervened by improving technique to yield higher performance compared to other companies. Also, the connection between differentiation technique and Organisational performance which is interceded by purchase procedure, have superior performance than different types of entities. (Oyedijo, A., 2012), also did a study on strategic agility and focused on performance in the Nigerian Telecommunication Industry.

The study revealed that it impacts the focused performance of media transmission firms in Nigeria and that there is a big connection between strategic agility and competitive performance. (Akingbade, W. A., 2014), completed a study on focused methodologies and enhanced performance in Nigeria media transmission organizations which uncovered a connection between competitive strategies and consumer loyalty, maintenance and dependability. Moreover there is an association between competitive strategy, its constituents and performance of media transmission organizations. (Ndhiwa, G. O., 2010) while looking at the relationship of competitive approaches in Safaricom Kenya, he found that strategies used by Safaricom included cost diminishments, excellent client service, operational productivity, creating brand or name among numerous techniques. The investigation moreover showed a noteworthy connection between the strategies adopted by Safaricom Kenya and its performance.

(Mutindi, U. J., Namusonge, G., & Obwogi, J., 2013) carried out a research on the influence of strategic management drivers on performance of the hotel industry in Kenya. The study used a mixed research method which was both quantitative and qualitative
using descriptive survey. The study acknowledged strategic management drivers as some of the tools that drive performance in the hotel industry. It recommended to hotels that they ought to embrace the adoption of strategic management drivers.

(Kamau, A. W., 2015) also completed an examination on competitive strategies embraced to drive industrial performance in the telecommunications industry in Kenya. The information was gathered from the nine firms in Kenya; Safaricom Ltd, Airtel Kenya, Telkom Kenya, Jamii Telkom, Access Kenya, Liquid Telkom, Internet Solution, MTN Business and Wananchi Group. The study revealed that companies in the telecommunication industry embrace different techniques including: differentiation, cost initiative and market focus in order to obtain and maintain competitive advantage. The study further concluded that the cost strategy was visible in the organizations and they modify it from time to time when it was not successful anymore.

**METHODOLOGY**

This study will adopt a descriptive design and case study design. Descriptive study relates to characteristics related with the subject population. asserts that a descriptive research portrays an accurate profile of persons, events or situations. However this study will use quantitative approach; Quantitative is any data collection technique (such as questionnaire) or data analysis procedure (such as graphs or statistics) that generates or uses numerical data (Saunders, M., Lewis, P. & Thronhill, A., 2012). The data was then code and check for any errors and omissions (Cooper, D. R., & Schindler, P. S., 2003). The target population comprised of 200 Somtel Telecommunication staff. In Mogadishu Somalia. A sample is the segment of the population that is selected for investigation (Bryman & Bell, 2003). The sample size of this study was 60, because these respondents have a long experience on their job and worked many years in this company. This study was conduct through questionnaire as the main tool for collecting data. Questionnaire is a the is mostly used in a quantitative research method

**FINDING OF THE STUDY**

The findings of the study obtained from the target respondents that were involved in this study. This chapter highlights general information of the respondents, followed by the findings on the effect of competitive strategy on organizational performance of telecommunication companies in Mogadishu-Somalia, the effect of cost leadership strategy, differentiation strategy, focus on strategy on Organizational performance.

Gender in majority of the respondents of this study which 52 respondents (86.7%) were male while the remaining 8 respondents (13.3%) were female. In Age of the respondents of this study were aged 18-30 years were 32 respondents (53.3%), the respondents were aged 31-40 years were 21 respondents (35.0%), were aged 41-51 years were 6 respondents (10.0%), and were aged 51-60 years were 1 respondents (1.7%).

In Marital Status The majority of the respondents of this study were single 16 (26.7%) while married were 44 (73.3%). Educational Level of the respondents were Bachelor Degree which was 34 respondents that equivalent (56.7%), were Master’s degree which was 16 respondents that equivalent (26.7%), were Diploma level, while the remaining 9 respondents which equivalent (15.0%) and were PHD degree was 1 respondent which equivalent (1.7%).

Work Experience Of the respondents of work experience were 0-2 years 4 (6.7%), while others 3-5 years 14 (23.3%) while others 6-8 years - 12 (20.0%), while others 9-11 years - 19 (31.7%). While others 11-up all years 11 (18.3%).

The main objective of this study was to competitive strategy on organizational Performance of telecommunication companies in Mogadishu- Somalia. The study had three objectives, the objective one of the study, which is “To find out cost leadership strategy which is dimension one of the competitive strategy of telecommunication companies in Mogadishu- Somalia “the mean index of the questions was 4.05 which indicates strongly Agree level so this table indicates that the answer shows that there is good level. The second objective, about “the competitive strategy which is differentiation strategy” the mean index of objective two was 4.06.

The third objective of this study to find out focus on strategy that is dimension three of competitive strategy of telecommunication companies in Mogadishu- Somalia “the mean index of the questions was 4.40 which indicates strongly agree level. The study also found that there is positive significant relationship between competitive strategy on organizational performance of telecommunication companies in Mogadishu- Somalia.

**CONCLUSION & RECOMMENDATION**

The study also found that there is positive significant relationship between competitive strategies on organizational performance of telecommunication companies in Mogadishu- Somalia.

Focuses on summarizing of the research findings, major challenges met during the study and as well as the corrections of what have been found during of the research gathering data. The study aims to
explore competitive strategy on organizational performance of telecommunication companies in Mogadishu-Somalia.

1. The existing cost leadership practices should be maintained and developed
2. Annually in order to gain competitive advantage from other competitors in Somalia since it is significantly affects the organizational performance.
3. The existing differentiation strategy practices should be maintained and developed annually in order to gain competitive advantage from other competitors in Somalia since it’s significantly affects the organizational performance.
4. The existing focus strategy practices should be modified towards modern focus strategy practices in order to improve organizational performance in different levels of the telecommunication companies in Somalia.

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